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INFORMATION SHEET

PRESIDING: Commissioner Brown-Bland, Presiding; and Commissioners Clodfelter, Duffley, Hughes, and McKissick
PLACE: Dobbs Building, Raleigh, NC
DATE: Tuesday, October 11, 2022
TIME: 2:00 p.m. – 5:30 p.m.
DOCKET NOS.: A-41, Sub 21
COMPANY: Bald Head Island Transportation, Inc.
DESCRIPTION: Complaint Hearing. Village of Bald Head Island, Complainant, versus Bald Head Island Transportation, Inc., and Bald Head Island Limited, LLC, Respondents

VOLUME NUMBER: 3

APPEARANCES
(See attached)

WITNESSES
(See attached)

EXHIBITS
(See attached)

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REPORTED BY: Tonja Vines
DATE FILED: October 24, 2022

TRANSCRIPT PAGES: 210
PREFILED PAGES: 102
TOTAL PAGES: 312

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PLACE: Dobbs Building, Raleigh, North Carolina
DATE: Tuesday, October 11, 2022
TIME: 2:00 p.m. - 5:30 p.m.
DOCKET NO: A-41, Sub 21
BEFORE: Commissioner ToNola D. Brown-Bland, Presiding
Commissioner Daniel G. Clodfelter
Commissioner Kimberly W. Duffley
Commissioner Jeffrey A. Hughes
Commissioner Floyd B. McKissick, Jr.

IN THE MATTER OF:

Village of Bald Head Island,

Complainant

V.

Bald Head Island Transportation, Inc.,
and Bald Head Island Limited, LLC,

Respondents

Volume 3

NORTH CAROLINA UTILITIES COMMISSION

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. A-41, Sub 21

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Village of Bald Head Island, Complainant,	)	
v.	)	INITIAL COMMENTS OF THE PUBLIC STAFF
Bald Head Island Transportation, Inc., and Bald Head Island Limited, LLC, Respondents	)	

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission (Public Staff), by and through its Executive Director, Christopher J. Ayers, and pursuant to the Commission's Order Scheduling Hearing and Establishing Procedures issued June 17, 2022, respectfully submits its initial comments.

Summary of Pertinent Dockets

Docket No. A-41, Sub 0

On April 6, 1993, Bald Head Island Transportation, Inc. (BHIT) filed an Application for Certificate of Authority for Passenger Operations to operate ferry service to Bald Head Island. On January 6, 1995, the Commission issued its Order Granting Common Carrier Authority.

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Docket No. A-41, Sub 7

On May 5, 2010, BHIT filed its application and supporting testimony for its only general rate case to date.

On September 30, 2010, before the Public Staff filed testimony and the evidentiary hearing, BHIT, the Public Staff, Village of Bald Head Island (VBHI), Bald Head Association, Inc., and Bald Head Island Club (collectively, Stipulating Parties) entered into and filed an Agreement and Stipulation of Settlement, supported by the testimony of Public Staff witness James G. Hoard.

On October 5, 2010, the parties entered into and filed a Revised Agreement and Stipulation of Settlement (2010 Settlement). The 2010 Settlement provided for, among other things, the establishment of rate base of $3,943,335, and the imputation of $523,097 in operating revenue from the Deep Point Parking Facilities owned by Bald Head Island Limited, LLC (BHIL), the parent affiliate of BHIT, to BHIT.

The 2010 Settlement stated that imputation of the Deep Point Parking Facilities' revenues was limited to the Sub 7 rate case and established no precedent for future cases, nor was it to be cited by the Stipulating Parties in future cases as a reason for or against imputation of parking revenues or any other regulatory treatment of parking. However, it was stipulated that :(1) through December 31, 2016, BHIL or any successor entity that owns, operates, or leases the Deep Point Parking Facilities would not increase the price of the Deep Point

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annual parking pass in any one year in an amount greater than the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U); (2) BHIL would provide notice to the Public Staff and the Commission of any sale or lease of the Deep Point Parking Facilities or any part of those facilities not less than 90 days prior to the scheduled closing date for the sale; and (3) any gain or loss on the sale or lease of parking facilities owned by BHIL shall not be assigned, credited, or attributed for ratemaking purposes to BHIT.[1]

Docket No. A-41, Sub 21

On February 16, 2022, the Village of Bald Head Island (VBHI or Complainant) filed with the Commission in the above-captioned docket a Complaint and Request for Determination of Public Utility Status (Complaint) against BHIT and BHIL (collectively, Respondents).[2] The Complaint in part seeks a ruling upon the regulatory nature of the Deep Point Parking Facilities and the Barge (Unregulated Assets) owned by BHIL, alleging, among other things, that they are essential to, and a component of, the regulated public utility ferry service (Regulated Assets) provided by BHIT.

[1] On July 14, 2022, and corrected on July 15, 2022, BHIL provided to the Public Staff and filed with the Commission in Docket No. A-41, Sub 7, a notice of pending sale to Pelican Logistics, LLC, a subsidiary of Pelican Legacy Holdings, LLC, and an affiliate of SharpVue Capital, LLC.

[2] In its Complaint, VBHI indicated, among other things, that "[a]lthough the Parking and Barge operations have been operated, to-date, as unregulated business activities conducted by the utility's parent entity, the regulatory status of the Parking and Barge operations has been a long-standing source of concern which has, to VBHI's knowledge, never been directly addressed by the Commission."

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On March 30, 2022, Respondents filed with the Commission a Response, Motion to Dismiss, and Answer. In its Response, Respondents argue, among other things, that "there is no precedent of the Commission regulating parking or other ancillary services of any ferry operations or parking or barge assets in general," and that "[p]arking is generally not considered to be a natural monopoly: there are no significant barriers to entry, fixed costs are not extraordinarily high, and competition is commonplace."

On July 8, 2022, VBHI filed a Motion to Join Necessary Party, requesting that the Commission order SharpVue Capital, LLC (SharpVue) to join as a necessary party to this proceeding. On August 1, 2022, the Commission issued an Order Allowing Complainant's Motion to Join Necessary Party.[3]

Docket No. A-41, Sub 22

On July 14, 2022, in Docket No. A-41, Sub 22, BHIT and Bald Head Island Ferry Transportation, LLC (BHIFT), a wholly owned subsidiary of Pelican Legacy Holdings, LLC (Pelican), and managed by SharpVue (collectively with Pelican, SharpVue), filed an application pursuant to N.C. Gen. Stat. § 62-111 for approval (1) to transfer BHIT's Common Carrier Certificate to BHIFT to operate the passenger ferry transportation services to and from Bald Head Island and the tram

[3] In issuing its Order, the Commission found that "although the Sub 22 Docket is distinct and independent of this proceeding, it is BHIFT — SharpVue's subsidiary — that conditions one of its representations to the Commission in the Sub 22 Docket upon the outcome of this proceeding.... In short, BHIFT has voiced an interest in the outcome of this proceeding. As such, the Commission is hard-pressed to conclude that SharpVue, through its subsidiary BHIFT, is not a necessary, or at least proper, party to this docket to warrant joinder."

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services on the island; and (2) for BHIFT or SharpVue to pledge assets and borrow or issue debt pursuant to N.C.G.S. §§ 62-160 and 62-161 as may be necessary to finance the transaction.

Initial Comments

Parking

The Bald Head Island ferry is one of only a few private ferries in North Carolina and is the largest private passenger-only ferry service. Passengers must park and leave their vehicles to board the ferry to Bald Head Island. As such, availability of parking is critical for most Bald Head Island ferry passengers as it would be nearly impossible for customers to use the ferry without an adequate amount of parking offered at reasonable rates.

While owning and operating a parking lot is not a utility service per se, the availability of adequate and reasonably priced parking is required for this unique utility to provide service to its customers. Nonetheless, requiring that the utility provide this service does not require the Commission to approve or regulate the specific terms and conditions of the parking service or include particular assets in rate base, as long as the parking is adequate and reasonably priced. However, it does warrant Commission scrutiny to ensure that ferry customers are protected through adequate parking at reasonable rates.

This unique situation is analogous to the Commission's historical treatment of telephone yellow pages. In determining the scope of the Commission's authority,

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the North Carolina Supreme Court found that *State ex rel. Utilities Com. v. Southern Bell Tel. & Tel Co.,* 307 N.C. 541, 299 S.E.2d 763, 1983 N.C. LEXIS 1108 (*Southern Bell I*) "clearly stands for the propositions that: 1) the emphasis should be placed on the *public utility function* rather than a literal reading of the statutory definition of 'public utility,' and 2) the statutory definition should not be read so narrowly as to preclude Commission jurisdiction over a function which is required to provide adequate service to the subscribers." *State ex rel. Utilities Com. v. Southern Bell Tel. & Tel. Co.*, 326 N.C. 522, 527-528, 391 S.E.2d 487, 490, 1990 N.C. LEXIS 242, 11-12, 115 P.U.R.4th 56 (*Southern Bell II*).

But the *Southern Bell II* Court, when considering a complaint regarding an incorrect yellow page listing, also found it unnecessary to determine whether publishing yellow pages was a public utility function or whether the Commission had jurisdiction over yellow page operations. Rather, the Court determined that "[p]roviding a correct telephone listing in the yellow pages as well as in the white pages of the directory is a utility function . . . ." *Southern Bell II* at 529. The Court concluded, citing N.C.G.S. § 62-42(a)(5), "that our statutes support this jurisdiction in the mandate to the telephone utilities that they provide 'reasonably adequate service.'" *Southern Bell II* at 529.

In *Southern Bell II*, the Court further determined that "[p]roviding a telephone directory is a public utility function, and complaints arising from incorrect telephone number listings in the directory, whether in the white pages or the yellow pages, come under the jurisdiction of the Commission because providing incorrect

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telephone numbers is disruptive to the public utility service which the directory is to provide." *Southern Bell II* at 531-532.

The fact that parking revenues have been imputed in the calculation of ferry rates does not indicate that operation of the parking lot should be a regulated function. In *Southern Bell I*, the Court said, "[w]e wish to point out that the yellow pages have never been and are not now regulated by the Utilities Commission. However, the fact that a specific activity of a utility is not regulated does not mean that the expenses and revenues from that activity cannot be included in determining the rate structure of the utility." *Southern Bell I* at 544.

Like BHIL's Deep Point Parking Facilities, for which there is no reasonable alternative at this time, the *Southern Bell I* Court found that Southern Bell had a great advantage over its advertising competitors, and this advantage was "directly related to and a result of the Company's public utility function." *Southern Bell I* at 546. Thus, the Court found it appropriate to include the revenues from the yellow pages when calculating telephone rates even though the service was unregulated. Relatedly, the Court of Appeals in *Additional Franchise Tax for the Taxable Quarters Ended March 31, 1980, June 30, 1980 and September 30, 1980 v. Carolina Tel. & Tel. Co.*, 81 N.C. App. 240, 247, 344 S.E.2d 46, 51, 1986 N.C. App. LEXIS 2282, 15, determined that "[t]he inclusion for ratemaking purposes of revenues from yellow page advertisements does not require that the revenues also be included in the public utility's franchise tax base," thus maintaining the distinction between regulated and unregulated revenues.

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While the courts have found ancillary services such as telephone yellow pages to be unregulated, it nonetheless has deemed some level of oversight short of regulation by the Commission to be appropriate. The same approach is appropriate in this case. While the parking operation is not a regulated service, the Commission should exercise its oversight to ensure BHIT provides adequate parking at a reasonable rate to provide adequate service to its customers.

Barge

As part of deregulating the trucking industry, Congress passed the Federal Aviation Administration Authorization Act of 1994 (FAAAA). The law, among other things, generally preempts state laws "related to a price, route, or service of any motor carrier . . . with respect to the transportation of property," excluding the transportation of household goods, though states are, for example, not restricted from enforcing certain safety and insurance requirements. Public Law 103-305, Sec. 601. Thereafter, the North Carolina General Assembly enacted North Carolina Session Law 1995-523 to, among other things, conform the provisions of Chapter 62 of the North Carolina General Statutes to the FAAAA.

On February 22, 2002, in Docket No. T-100, Sub 49, the Commission issued its Order Ruling on Household Goods Transportation. As described in its Order, the Commission exempted from regulation the transportation of household goods within North Carolina and provided for Commission issuance of certificates of exemption to movers of household goods (instead of certificates of public convenience and necessity) upon compliance with certain terms and conditions

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attached to the certificate of exemption. The Order also removed retail delivery transportation of household goods from Commission jurisdiction.

Thereafter, in Docket No. T-100, Sub 61 (PODS Docket), the Commission weighed the nature of the transportation services provided against the contents being transported. In an opinion letter dated August 8, 2003, and filed October 26, 2004, the Commission Staff opined that the transportation services provided by the portable on demand storage company, PODS, Inc., do not constitute household goods transportation in North Carolina and a certificate of exemption was not required. The Commission Staff reasoned that the services provided by PODS was construed as a general transportation service instead of the more specific type of services provided by a household goods mover, such as packing, loading, and unloading.

The Public Staff filed comments in the PODS Docket concurring with the Commission Staff's reasoning and stated that the Interstate Commerce Commission (ICC) had held that "general freight carriers were not subject to household good regulation, even when transporting articles which would fall within the definition of household goods, unless they performed the specialized services typical of a household goods mover." Public Staff's Comments, page 2. The Public Staff stated that, "[t]he ICC, in other words, focused not on the cargo to be transported but rather on the services offered in addition to transportation, and FMCSA [Federal Motor Carrier Safety Administration] has continued to follow that approach." *Id.* at page 2.

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On March 23, 2004, the Commission issued its Order Ruling on Request for Reconsideration, which affirmed the Commission Staff's opinion letter and was consistent with the Public Staff's Comments.

The Maximum Rate Tariff No. 1, issued by the Commission in Docket No. T-100, Sub 49, effective January 1, 2003, outlines service guidelines and the maximum rates that common carriers may bill consumers for transporting household goods during the course of a Commission regulated move, which is classified as the transportation of household goods, over a public road within North Carolina, for compensation.

The transportation services currently provided by Bald Head Island's barge operations (Barge) do not fall within the scope of the regulated services prescribed under Maximum Rate Tariff No. 1. While the Barge does indirectly transport household goods by ferrying vehicles engaged in the transportation of household goods, the barge service does not involve the specialized functions associated with a household goods mover. The transported items on the Barge are classified as general freight, subject to the FAAAA, and the presence of any household goods on the Barge would be incidental.

In Docket No. T-100, Sub 49, the Commission limited the Commission's jurisdiction over the transportation industry, effective January 1, 2003. In Docket No. T-100, Sub 61, the Commission further delineated the differences between being a common carrier of household goods and a carrier of general freight. The barge service to Bald Head Island, including its rates and service, has never been

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regulated by the Commission. While barge service is undoubtedly critical for those living and traveling to and from the island, it is not related to the provision of regulated passenger ferry service. The Commission's decision in the PODS Docket suggests that the services provided by the Barge are a general transportation service and not the more specific type of service provided by a household goods mover. Thus, the Bald Head Island barge service should not be regulated by the Commission as a common carrier of household goods.

WHEREFORE, the Public Staff prays:

1. That the Commission take these initial comments into consideration; and

2. For such other and further relief as the Commission may deem just and proper.

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Respectfully submitted this the 8th day of September 2022.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Lucy E. Edmondson
Chief Counsel

Electronically submitted
/s/ Gina C. Holt
Manager, Legal Division, Water, Sewer, Telephone, & Transportation Sections

/s/ Elizabeth D. Culpepper
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/s/ William E. H. Creech
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CERTIFICATE OF SERVICE

I certify that a copy of these Initial Comments has been served on all parties of record or their attorneys, or both, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 8th day of September 2022.

Electronically submitted
/s/ William E. H. Creech

BOOK:4882 PAGE:353
Brenda M. Clemmons, Brunswick County, NC Register of Deeds
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Docket No. A-41, Sub 21
Briggs Exhibit 1

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AMENDMENT TO THE AMENDED AND RESTATED UNIFIED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE BALD HEAD ASSOCIATION

This AMENDMENT TO THE AMENDED AND RESTATED UNIFIED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE BALD HEAD ASSOCIATION ("Amendment') is made on the date hereinafter set forth by Bald Head Association on behalf of its members.

WITNESSETH:

WHEREAS, the Amended and Restated Unified Declaration of Covenants, Conditions and Restrictions for the Bald Head Association (the "Declaration") is duly recorded in Book 4009 at Page 2006 in the Office of the Register of Deeds for Brunswick County, North Carolina (Except as otherwise noted, all capitalized terms shall have the same meaning and effect as specified in the Declaration); and

WHEREAS, Section 14.2 of the Declaration provides the Declaration may be amended by a vote of two-thirds of those present and voting in person or voting by proxy at a meeting of the Members; and

WHEREAS, Members representing a total of 503 Units voted in person or by proxy attended a duly convened meeting of the Members on January 25, 2020 (the "2020 Membership Meeting") in person or by proxy; and

WHEREAS, at the 2020 Membership Meeting, 471 Units voted to amend Section 10.5(a) of the Declaration as provided herein; and

WHEREAS, Members representing a total of 587 Units attended a duly convened meeting of the Members on January 29, 2022 (the "2022 Membership Meeting") in person or by proxy; and

Submitted electronically by Murchison, Taylor Gibson in compliance with North Carolina statutes governing recordable documents and the terms of the submitter agreement with the Brunswick County Register of Deeds.

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WHEREAS, at the 2022 Membership Meeting, 537 Units vote to amend Sub-section 5.1(b), 532 Units voted to amend Section 5.7, 475 Units voted to remove Sub-section 7.1(c), 553 Units voted to amend Section 11.2, and 529 Units voted to add Section 17.3, all as provided herein.

WHEREAS, a certified copy of the resolution adopting the amendment which is signed by the President of the Association and attested to by its Secretary is attached hereto.

NOW, THEREFORE, the Declaration is amended as follows:

1. Sub-section 5.1(b) is amended and replaced in its entirety with the following:

5.1(b) Assessments. Creation of Assessments. The Association will, upon request, furnish to any Owner liable for any type of assessment a certificate in writing setting forth whether such assessment has been paid. Such certificate will be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

2. Section 5.7 is amended and replaced in its entirety with the following:

5.7 Due Dates of General Assessment. The Board of Directors will fix the amount of the General Assessments against each Unit at least thirty (30) days in advance of the due date. Written notice of each General Assessment will be sent to every Owner subject thereto. The due dates will be established by the Board of Directors. The Board of Directors will require the General Assessment be paid at least annually, but may require them to be paid more often. Special Assessments and Supplemental Assessments may be collected separately from the General Assessments and the Board may require that they be paid, annually, semiannually, quarterly, or monthly. The Association will, upon request, furnish a certificate in writing setting forth whether the General Assessment, Special Assessment, or a Supplemental Assessment on a specific Unit have been paid.

3. Sub-section 7.1(c) is removed.

4. Section 10.5 is amended and replaced in its entirety with the following:

10.5 Use Guidelines and Restrictions. The following Use Guidelines and Restrictions apply to all the Properties except for that real property owned by the Bald Head Island Club or the golf course at the time of the recordation of this Declaration, and except to the extent Subsection (a)(i) exempts particular lots from the single-family utilization restriction, subject to the conditions specified therein.

(a) Single Family Utilization. This Declaration will restrict all Units to use only for single family residential purposes unless an amendment to this Declaration is adopted in accordance with Section 14.2. No home or other structure constructed within the described area will be utilized for commercial purposes, except that home offices will be permitted as long as such offices do not induce traffic, require signage, require outdoor storage of equipment, inventory, vehicles, or include retail space. If otherwise approved

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in accordance with the procedures and standards set out within this Declaration, nothing contained herein will prohibit or restrict the construction of any appurtenant structure to any residence, including, but not limited to, decks, walkways, crofter's cottages or cart storage facilities.

No dwelling, including any ancillary structure or annex to a Unit, will be utilized at any time for occupancy by more than one family or one family with guests. The Owner of a Unit is specifically prohibited from occupying an ancillary structure or annex located on his Unit while renting the primary residential dwelling, or from occupying the primary residential dwelling while renting the ancillary structure or annex, or from renting to two or more rental parties, the primary residence and the ancillary structure or annex.

(i) Notwithstanding the foregoing, each of these Lots shall be exempt from the single-family utilization restriction (but shall otherwise be subject to this Declaration), during the Village of Bald Head Island's ownership of such Lots, provided that the uses shall be subject to such regulations as the Board may adopt pursuant to this Section 10.5 and conditioned upon the Village constructing, utilizing, and maintaining the Lot in accordance with the final conceptual drawings, plans, and specifications approved by the Board. Any further changes to the final plans shall require written approval by the Board. This exemption is personal to the Village only and shall not be transferable or assignable to any other party.

(a) The Lot adjacent to the canoe and kayak storage and launch (described more particularly as Gazebo Tract 3 as shown on a plat of survey prepared by William W. Delaney, II, R.L.S., duly recorded in the Brunswick County Register of Deeds for Brunswick County, North Carolina, in Map Cabinet Z, Instrument Number 196), to be used for purposes of boat and kayak storage and parking;

(b) The unbuildable lot situated near the intersection of South Bald Head Wynd and Black Skimmer Trail (described more particularly as Lot 1319, Stage 1 of Bald Head Island, according to a map thereof duly recorded in Map Book 12 at Pages 1-9 of the Brunswick County Registry), to be used for purposes of a special needs beach access.

5. Sub-section 11.2 is replaced it its entirety with the following:

11.2 Responsibility of Owner. Each Unit Owner will maintain and preserve the grounds of the Unit, Living Unit, and all structures located thereon in a clean, neat, sightly and attractive condition; and will provide for the removal of all trash and refuse from the Unit. This removal will be consistent with the Community Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to this Declaration. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may, but is not required to, perform such maintenance responsibility and assess all costs incurred by the Association against the Unit and the Owner in accordance with ARTICLE 5. The Association will afford the Owner reasonable

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notice and an opportunity to cure the problem prior to entry. Within certain subdivisions or communities depicted in EXHIBIT B, certain properties as shown on recorded plats of said subdivisions shall be owned by the Owner of more than one Lot, for the sole benefit and use of said Owners. For example, a common driveway may provide access to two or more Lots, or a common walkway may provide beach access or access to other areas to the Owners of two or more Lots. The Owners of such Lots shall have the primary responsibility for the maintenance and upkeep of such jointly-owned properties. However, to the extent that one or more of said Owners fail or refuse to maintain such properties in a good, useable and sightly condition, or to the extent that one or more of such Owners does not pay said Owner's pro rata share for the upkeep and maintenance of such facility, the Association shall have the full right and authority to go upon such property, and to bring such improvements located hereon into a good, sightly, useable condition, or to cause landscaping or maintenance to be undertaken to maintain the safety and sightly appearance of such property, and the Association shall have the right to assess, in the nature of a special assessment, without approval of any Owner, the cost thereof against any Owner not contributing said Owner's fair and pro rata share of the cost of such activities or improvements. Before the Association undertakes such action or expends any funds, the Association shall give a written notice to all affected owners, giving such Owners thirty (30) days in which to take the required action or to pay the required fees. Failure of the Owners to then so act shall give the absolute right to the Association to proceed as allowed herein, and to collect as part of the assessment an additional twenty percent (20%) of the cost of the work performed as an administrative and supervisory fee.

6. The following Section 17.3 is added:

17.3 Amendment of Stage Two Secondary Covenants. The Stage Two Secondary Covenants applicable to any particular community may be amended, by vote of two-thirds of those Members comprising the community, provided such amendment is approved by all of the Directors comprising the Board of the Association.

Except as specifically amended herein, all provisions of the Declaration shall remain in full force and effect.

(SIGNATURE PAGE FOLLOWS)

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IN WITNESS WHEREOF, the undersigned have set their hands and seals this 27th day of May, 2022.

BALD HEAD ASSOCIATION
A North Carolina Corporation

By: _____
Name: Alan Briggs
Title: President

(corporate seal)

Attested by:

_____
Name: Robert Drumheller
Title: Secretary

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

I, Regina M. Hinson, a Notary Public in and for the State and County aforesaid, do certify that Robert Drumheller personally appeared before me this day and acknowledged that he is the Secretary of Bald Head Association, a non-profit corporation, and that by authority duly given and as the act of Bald Head Association, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and official seal this 20 day of May, 2022.

_____
Notary Public
Print Name: Regina M Hinson

My commission expires: 10/22/2022

(seal)

REGINA M HINSON NOTARY PUBLIC BRUNSWICK COUNTY, NC

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EXHIBIT A

RESOLUTION OF BOARD OF DIRECTORS OF BALD HEAD ASSOCIATION

The Board of Directors of Bald Head Association, through its duly authorized President, and as attested to by its duly authorized Secretary, does hereby adopt the following resolution, following action taken at a duly called meeting of the Board.

WHEREAS, the Amended and Restated Unified Declaration of Covenants, Conditions and Restrictions for the Bald Head Association (the "Declaration") is duly recorded in Book 4009 at Page 2006 in the Office of the Register of Deeds for Brunswick County, North Carolina (Except as otherwise noted, all capitalized terms shall have the same meaning and effect as specified in the Declaration); and

WHEREAS, the Members voted to amend the Declaration, first at the January 25, 2020 meeting and again at the January 29, 2022 meeting; and

WHEREAS, the total votes in favor the proposed amendments exceeded the number required to amend the Declaration, as provided in Section 14.2; and

WHEREAS, at a meeting of the Board of Directors on May 13, 2022, the Board adopted the amendments.

WHEREAS, to be effective, an amendment to the Declaration must be recorded in the Brunswick County Registry and have appended thereto a certified copy of a Resolution of the Board of Directors, signed by the President, and attested to by the Secretary; and

IT IS THEREFORE RESOLVED that the Declaration is amended, as provided in the Amendment to which this Resolution is appended;

IT IS FURTHER RESOLVED that the Amendment shall be filed with the Office of the Brunswick County Register of Deeds.

(SIGNATURE PAGE FOLLOWS)

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This action is taken this 27th day of May, 2022.

(Corporate seal) EST. 1967 BALD HEAD ASSOCIATION

BALD HEAD ASSOCIATION
A North Carolina Corporation

By: Alan Briggs
Name: Alan Briggs
Title: President

Attested by:

Robert Drumheller
Name: Robert Drumheller
Title: Secretary

***

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

I, Michelle Kesmodel, a Notary Public in and for the State and County aforesaid, do certify that Robert Drumheller personally appeared before me this day and acknowledged that he is the Secretary of Bald Head Association, a non-profit corporation, and that by authority duly given and as the act of Bald Head Association, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and official seal this 8TH day of ~~May~~ June, 2022.

Michelle Kesmodel
Notary Public
Print Name: Michelle Kesmodel

My commission expires: December 8, 2026

(seal) MICHELLE KESMODEL
Notary Public, North Carolina
Brunswick County
My Commission Expires
December 08, 2026

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I/A
Brenda M. Clemmons, Brunswick County Register of Deeds

Docket No. A-41, Sub 21
Briggs Exhibit 1

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Amended and Restated Unified

Declaration of Covenants, Conditions and Restrictions

for

BALD HEAD ASSOCIATION

Submitted electronically by Murchison, Taylor Gibson, PLLC in compliance with North Carolina statutes governing recordable documents and the terms of the submitter agreement with the Brunswick County Register of Deeds.

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STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

AMENDED AND RESTATED UNIFIED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BALD HEAD ASSOCIATION

THIS AMENDED AND RESTATED UNIFIED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BALD HEAD ASSOCIATION (hereinafter "Declaration"), is made this the 3rd day of January, 2018, by Bald Head Association, on behalf of itself and all Owners of parcels of real property or lots described and shown on **EXHIBITS A and B,** with the consent of Bald Head Island Limited, LLC, a Texas limited liability company, as successor-in-interest to Bald Head Island Limited, a Texas Limited Partnership.

PREAMBLE

WHEREAS, Carolina Cape Fear Corporation, a North Carolina corporation, did, while Owner of Bald Head Island, place certain restrictive covenants on record which apply to land conveyed when the deed or deeds for such land made specific reference to the restrictive covenants recorded in Book 263, Page 621, of the Brunswick County Registry; and

WHEREAS, Bald Head Island Corporation, a North Carolina corporation, acquired substantially all of the undeveloped portion of Bald Head Island in Smithville Township, Brunswick County, North Carolina, pursuant to foreclosure deed, dated May 3, 1976, and recorded in Book 350 at Page 68 of the Brunswick County Registry; and

WHEREAS, subsequent to the recording of the above restrictive covenants, Carolina Cape Fear Corporation and Bald Head Island Corporation did convey lots on Bald Head Island with reference to said restrictions; and

WHEREAS, Bald Head Island Corporation recorded a Declaration of Restrictions dated April 18, 1977, for property located within Stage I of Bald Head Island, which property is

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more particularly described therein, and which Declaration of Restrictions is recorded in Book 374, Page 645, of the Brunswick County Registry; and

WHEREAS, Bald Head Island Corporation and certain Owners of residential lots shown on the subdivision plats of Stage I recorded in Map Book 12, Pages 1-11 and 38 subsequently recorded an Amended and Restated Declaration of Restrictions, dated July 1, 1978, on property located in Stage I of Bald Head Island and which property is more particularly described therein, which Amended and Restated Declaration of Restrictions is recorded in Book 409, Page 421, of the Brunswick County Registry; and

WHEREAS, Bald Head Island Corporation and certain Owners of parcels of real property or residential lots subsequently recorded an Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Island Stage I, Brunswick County, dated January 29, 1982, for property which is more particularly described therein, which Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Island, Stage I, Brunswick County, is recorded in Book 498, Page 260, of the Brunswick County Registry; and

WHEREAS, the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Island Stage I, Brunswick County, recorded in Book 498, Page 260, Brunswick County Registry, was subsequently amended in accordance with the requirements set forth in Article XI, Section 4 of said Declaration, by that Amendatory Addendum to Amended and Restated Declaration of Covenants, Conditions and Restrictions recorded in Book 725, Page 943, of the Brunswick County Registry, and by that Resolution before the Board and Amendment, which resolution is recorded in Book 1076, Page 89, of the Brunswick County Registry, and which amendment is recorded in Book 1076, Page 91, of the Brunswick County Registry; and

WHEREAS, certain lots subject to the restrictive covenants recorded in Book 263, Page 621, the Declaration of Restrictions recorded in Book 374, Page 645, the Amended and Restated Declaration of Restrictions recorded in Book 409, Page 421, and Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Island, Stage I recorded in Book 498, Page 260, all of the Brunswick County Registry, are no longer located above the mean high water line of the Atlantic Ocean and the Cape Fear River because of erosion or other natural phenomenon ("Excluded Lots"); and

WHEREAS, these Excluded Lots no longer have voting rights or the obligation to pay assessments to the Association because they do not lie above the mean high water line of the Atlantic Ocean or the Cape Fear River and have accordingly not been included as Owners for purposes of amending the restrictive covenants set forth in those documents recorded in Book 263, Page 621, Book 374, Page 645, Book 409, Page 421 and Book 498, Page 260, all of the Brunswick County Registry; and

WHEREAS, the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Island Stage I, Brunswick County, recorded in Book 498, Page 260, of the Brunswick County Registry (the "1982 Declaration") was intended to supersede and

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replace all previous covenants and restrictions for property described in **EXHIBIT A** therein and/or annexed thereto; and

WHEREAS, the 1982 Declaration provided that it could be amended by an instrument signed by Owners of not less than fifty percent (50%) of the Owners of Assessable Properties, as defined therein, in accordance with the procedure for certification and recordation set forth in Article XI, Section 5 therein; and

WHEREAS, the 1982 Declaration and other amended covenants for property described in **EXHIBIT A** were so amended and superseded by the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Association recorded in Book 1359, Page 1 of the Brunswick County Registry (the "2000 Declaration"); and

WHEREAS, the 2000 Declaration was subsequently amended by instruments recorded in Book 1436, Page 1298, Book 2655, Page 877, Book 2857, Page 93, Book 3153, Page 586, Book 3352, Page 1347, Book 3352, Page 1347, Book 3352, Page 1351, and Book 3508, Page 76; and

WHEREAS, this Declaration is intended in part to memorialize all applicable changes to the 2000 Declaration effected by the recordation of these prior amendments; and

WHEREAS, Bald Head Island Limited, a Texas Limited partnership, is the successor and/or assignee of Carolina Cape Fear Corporation and Bald Head Island Corporation; and

WHEREAS, Bald Head Island Limited, LLC, successor to the rights of Bald Head Island Limited, has joined in the execution of this Declaration because its consent is necessary to effect certain additional changes to the 2000 Declaration; and

WHEREAS, in accordance with 2000 Declaration, as amended, the Board of Directors and the membership of Bald Head Association were authorized to take such action as may be necessary to cause a legal merger (the "Merger") of Bald Head Association and Bald Head Island Stage Two Association, Inc., so long as the Merger was approved by the members of each association and the governing bodies of the two associations deemed the Merger to be mutually desirable and in the best interest of their respective memberships; and

WHEREAS, the Boards of Directors of both Bald Head Association and Bald Head Island Stage Two Association, Inc. do deem such a Merger to be mutually desirable and in the best interests of their respective memberships; and

WHEREAS, the Boards of Directors of both Bald Head Association and Bald Head Island Stage Two Association, Inc. voted to cause such a Merger to occur pursuant to Chapter 55A, Article 11 of the North Carolina General Statutes and an Agreement and Plan of Merger separately filed in Book 4000, Page 714 of the Brunswick County Registry; and

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WHEREAS, at the 2017 Bald Head Association annual meeting, the Bald Head Association membership, as signified by an affirmative vote by more than two-thirds of those present and voting in person or by proxy at a meeting of its members, approved the Merger and the adoption of this Declaration; and

WHEREAS, the membership of Bald Head Island Stage Two Association, Inc., as signified by an affirmative vote of more than two-thirds of the votes cast or a majority of the votes entitled to be cast in person or by proxy at a meeting of its members, whichever is less, approved the Merger; and

WHEREAS, the membership of Bald Head Island Stage Two Association, Inc., as signified by an affirmative vote of at least sixty percent (60%) of those membership votes in attendance either in person or by proxy at a meeting duly called for such purpose, approved the adoption of this Declaration; and

WHEREAS, the merger occurred on January 2, 2018 upon the filing of Articles of Merger with the North Carolina Secretary of State; and

WHEREAS, Bald Head Association is the surviving corporation; and

WHEREAS, prior to the recordation of this Declaration, the Properties described in **EXHIBIT B** to this Declaration have been subject to the Protective Covenants for Bald Head Island Stage Two recorded in Book 1045, Page 676, Brunswick County Registry, as the same was amended and corrected in accordance therewith by instruments recorded in Book 1089, Page 122; Book 1100, Page 863; Book 3351, Page 209; Book 3536, Page 1243; Book 3691, Page 1391; and Book 3737, Page 609 (as otherwise amended, collectively, the "Stage Two Primary Covenants"); and

WHEREAS, the Stage Two Primary Covenants may be amended by approval of sixty percent (60%) of those membership votes in attendance either in person or by proxy at a meeting duly called for such purpose; and

WHEREAS, various neighborhood communities comprised of certain Properties identified in **EXHIBIT B** were annexed and made subject to the Protective Covenants for Bald Head Island Stage Two recorded in Book 1045, Page 676, by amendments to the Stage Two Primary Covenants, including without limitation (the Book and Page number in which these documents have been recorded in the office of the Register of Deeds of Brunswick County are included with each document in parentheses): Amended Declaration of Protective Covenants and Amendments for Cedar Court (Book 1062, Page 114); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Chicamacomico Woods, Cape Fear Station (Eco Tract A) (Book 2110, Page 508); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Eco-A-Prime, Cape Fear Station (Book 2172, Page 1426); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Eight (8) Lots in Commercial Tract 5A Cape Fear Station (Book 2173, Page 10); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Kinnakeet Woods, Cape Fear Station (Eco Tract B) (Book 2110, Page 516); Amendment and

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Annexation to Protective Covenants for Bald Head Island Stage Two for Kitty Hawk Woods (Eco-B-Prime) Cape Fear Station (Book 2365, Page 276); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Eco Tract C – Kitty Hawk (Book 1953, Page 505); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Single Family 1 Cape Fear Station (Book 1590, Page 290); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Single Family 2 Cape Fear Station (Book 1590, Page 297); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Single Family 3 Cape Fear Station (Book 1380, Page 707);; Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Single Family 4 Cape Fear Station (Book 1590, Page 304); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Single Family 5 and 7 Cape Fear Station (Book 1380, Page 714); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Single Family 6 Cape Fear Station (Book 1862, Page 1159); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Single Family 8 Cape Fear Station (Book 1382, Page 241); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 9 Cape Fear Station (Book 1380, Page 1721); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 10 Cape Fear Station (Book 1380, Page 1147); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 11 Cape Fear Station (Book 1381, Page 98); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 12 Cape Fear Station (Book 1604, Page 71); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 15 Cape Fear Station (Book 1476, Page 1123); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 16 – Shoals Watch Cape Fear Station (Book 1733, Page 763); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 17 Cape Fear Station (Book 1372, Page 269); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 18 Cape Fear Station (Book 1372, Page 263); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Single Family 21 Cape Fear Station (Book 1979, Page 1227); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Recreation 1 – Village Common Cape Fear Station (Book 1388, Page 1353); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Phase One, Surfman's Walk Cape Fear Station – Multi-Family 3 (Book 1573, Page 785); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for The Crescent (Book 2180, Page 1195); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two for Faire Isle, f/k/a Palmetto Point Island (Book 1260, Page 264); Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, The Grove (Book 1261, Page 257); Amended and Restated Amendment and Annexation to Protective Covenants for Bald Head Island Stage Two, Keeper's Landing, Cape Fear Station – Multi-Family 4 (Book 1966, Page 132); Amended Declaration of Protective Covenants and Annexation (Palmetto Cove) (Book 1045, Page 696); Amended Declaration of Protective Covenants and Annexation (Palmetto Court) (Book 1062, Page 110); Amendment to Protective Covenants for Bald Head Island Stage Two, Loggerhead Beach (Book 1287, Page 1040); Amendment and Annexation to Protective Covenants Bald Head Island Stage Two Braemar Highlands (Book 1116, Page 689); Amended Protective Covenants Bald Head Island Stage Two Braemar Extension (Book 1127, Page 1033); Amended Protective Covenants Bald Head Island Stage Two Lot 2072 Extension (Book 1242, Page 855); Amendment and

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Annexation to Protective Covenants Bald Head Island Stage Two Single Family 14 Cape Fear Station (Book 1435, Page 657); Amendment and Annexation to Protective Covenants Bald Head Island Stage Two Single Family 13 Cape Fear Station (Book 1602, Page 410); Amendment and Annexation to Protective Covenants Bald Head Island Stage Two Phase Two, Surfman's Walk Cape Fear Station – Multi Family 3 (Book 1610, Page 132); Amendment and Annexation to Protective Covenants Bald Head Island Stage Two Keeper's Landing Cape Fear Station- Multi Family 4 (Book 1766, Page 1200); Amendment and Annexation to Protective Covenants Bald Head Island Stage Two Eco Tract C- Kitty Hawk Cape Fear Station (Book 1915, Page 62); Amendment and Annexation to Protective Covenants Bald Head Island Stage Two The Crescent Cape Fear Station Multi Family 2 (Book 2075, Page 1220); Amendment and Annexation to Protective Covenants Bald Head Island Stage Two Eco-A-Prime Phase 2, Cape Fear Station (Book 2526, Page 795); (collectively, as amended and supplemented, the "Stage Two Secondary Covenants"); and

WHEREAS, the Stage Two Secondary Covenants include restrictions and covenants in addition to those contained in the Stage Two Primary Covenants that are unique to the particular Properties subject to the Stage Two Secondary Covenants; and

WHEREAS, the communities known as Flora's Bluff and Killegray Ridge, as further described in **EXHIBIT A**, shall not be subject to any covenants or architectural guidelines which are applicable solely to Stage Two Properties as those Properties are described in **EXHIBIT B**; and

WHEREAS, this Declaration is intended to replace and supersede the Stage Two Primary Covenants and the 2000 Declaration and to apply to all Properties described in **EXHIBITS A and B**; provided that the Stage Two Secondary Covenants shall remain in full force and effect, subject to the terms of **EXHIBIT C**; and

WHEREAS, the Board of Directors of Bald Head Association has certified this Declaration in accordance with Article XI, Section 5 of the 2000 Declaration and has attached hereto the certification required therein; and

NOW, THEREFORE, Bald Head Association, pursuant to the authority set forth above, and with the consent of Bald Head Island Limited, LLC, hereby declares in consideration of the premises and intending to be legally bound: that the Stage Two Primary Covenants and the 2000 Declaration are hereby replaced and superseded by this Declaration and all of the Properties, described in **EXHIBITS A and B** attached hereto and/or subsequently annexed by agreement, shall be hereafter held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described Properties or any part thereof, and shall inure to the benefit of each Owner thereof.

Docket No. A-41, Sub 21
Briggs Exhibit 1

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ARTICLE 1
DEFINITIONS

1.1 Amenities means the facilities constructed, erected, or installed on the Common Area for the use, benefit and enjoyment of Members.

1.2 Architectural Review Committee, ARC, or Committee means the Committee which has jurisdiction over all construction on any portion of the Properties and whose members are appointed by the Board, as further described in Article 7.

1.3 Articles means the Articles of Incorporation of Bald Head Association.

1.4 Association means Bald Head Association, its successors and assigns.

1.5 Board of Directors or Board means those persons elected or appointed and acting collectively as the Directors of the Association.

1.6 Bylaws means the Bylaws of Bald Head Association.

1.7 Capital Improvement means land, building(s), equipment, fixtures, or personal property relating thereto.

1.8 Common Area means all real property and facilities owned by the Association for the common use and enjoyment of all Members of the Association, including greenways, recreational areas, dunes, beaches and roadways. It is intended that the Common Area will include all of the Subject Property except platted lots, Multi-Family Sites, and other Non-Residential Areas, the golf course, clubhouse sites and sites established for utility purposes.

1.9 Common Expense means and includes actual and estimated expenses of acquiring, maintaining and operating the Common Areas and property owned or leased by the Association; of providing services provided for the Association or its Members; and of operating the Association and its committees for general purposes. This will include any reasonable reserves, as may be found necessary and appropriate by the Board of Directors pursuant to this Declaration, the Bylaws and Articles, and will, in addition, include the following:

(a) expenses of administration, maintenance, repair or replacement of the Common Area and Limited Common Area;

(b) expenses declared to be Common Expenses by the provisions of this Declaration, the Bylaws, or agreed to be Common Expenses by the Members present and voting in Person or voting by proxy at a meeting of the Members;

(c) hazard, liability, or such other insurance premiums as this Declaration or the Bylaws may require the Association to purchase;

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(d) any ad valorem taxes and public assessments levied against the Common Area; and

(e) expenses for the provision of services benefiting all Members, including, without limitation, transportation services.

1.10 Community Wide Standard means the standard of conduct, maintenance or other activity generally prevailing in the Properties or Bald Head Island. Such standard may be more specifically determined by the Board.

1.11 Declaration means this Amended and Restated Unified Declaration of Covenants, Conditions and Restrictions for Bald Head Association.

1.12 Estate Lots means all lots designated on any recorded plat as E- followed by a number.

1.13 General Assessments means assessments to fund Common Expenses for the general benefit of all Units within the Properties.

1.14 Improved Unit means a Unit with a completed structure ("Living Unit") built upon it for which the Village of Bald Head has issued a certificate of occupancy.

1.15 Limited Common Area means those portions of the Common Area that serve only a limited number of Units and which may include, but specifically is not limited to, walkways, parking buildings or areas serving only specified lots, and such other similar areas as may be designated by the Association. The Limited Common Area will be managed and maintained by the Association at the expense of only the Owners of Units served thereby. Service Areas, as defined herein, are included within the term Limited Common Area.

1.16 Member means and refers to every Owner.

1.17 Multi-Family Site means Timber Creek Condominiums, Royal James Landing condominiums, Swans Quarter Condominium site, Bald Head Island Villas, The Hammocks, Lighthouse Landing, Sabal Palm Cottages, Flora's Bluff, Killegray Ridge, Ibis Roost, Keeper's Landing, Sumner's Crescent, and Surfman's Walk, and any other sites which are or become a part of the Properties, whether by annexation or merger, and which are designated or identified as Multi-Family Sites at the time of annexation or merger.

1.18 Non-Residential Areas means and refers to any plot of land which is a part of or will be annexed to the Properties when permanently developed or established for Non-Residential uses such as the Bald Head Island Club and similar types of facilities, golf courses, club house or other facilities owned by the Association, inns, motels, hotels, offices, shops, service businesses, maintenance and repair areas and similar commercial or service uses necessary and desirable to the Properties and operation of the community.

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1.19 Owner means and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Unit which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.20 Person means and refers to any individual, corporation, partnership, association, trustee, or other legal entity.

1.21 Properties or Subject Property means and refers to that certain real property described in **EXHIBITS A and B** attached hereto.

1.22 Rules and Regulations means the Rules and Regulations of Bald Head Association.

1.23 Service Area means portions of the Common Area located within the property described in **EXHIBIT B** attached hereto which are reserved for the exclusive use of one or more, but fewer than all, of the Owners.

1.24 Special Assessments means and refers to an assessment which may be levied and collected by the Board in accordance with Section 5.5(a) and (b).

1.25 Stage Two means the portion of the Properties described in **EXHIBIT B** attached hereto.

1.26 Supplemental Assessments or Supplemental Dues means and refers to an assessment as set forth in Section 5.5(c).

1.27 Unimproved Unit means a vacant Unit with no Living Unit or completed structure built upon it.

1.28 Unit means a portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use and occupancy. A "Lot" is a Unit as that term is used in this Declaration. The term will refer to the land, if any, which is part of the Unit as well as any improvements thereon, including the Living Unit. Non-residential areas may have more than one Unit assigned to it by the Board as provided in Section 2.3.

1.29 User means members of an Owner's family, occupants of an Owner's Unit, and the guests, invitees, licensees, agents, employees, representatives, tenants, lessees and contract purchasers of any Owner.

Docket No. A-41, Sub 21
Briggs Exhibit 1

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ARTICLE 2
ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

2.1 Function of Association. The Association will be responsible:

(a) to act on such matters as the Board determines affects the welfare and recreation of its Members and the beautification and conservation of the natural environment of the Properties;

(b) to communicate the actions, decisions and activities of the Association and Bald Head Island events (deemed by the Board to be of general interest) to its Members;

(c) to provide such services and facilities to its Members as the Board determines will promote the welfare and recreation of its Members and beautification and conservation of the natural environment of the Properties or any part of them, which services may include, for example, operating a Community Center building for its Members and others;

(d) for ownership, management, maintenance, operation and control of the Common Area owned or leased by the Association within the Properties and any private roads and Amenities owned by the Association, or other areas maintained by the Association;

(e) for enforcement of this Declaration, the Articles, Bylaws and the Rules and Regulations;

(f) for administering and enforcing the architectural design guidelines and controls set forth in this Declaration and in the Design Guidelines; and

(g) to perform its functions in accordance with this Declaration , the Bylaws, the Articles and applicable North Carolina law.

2.2 Membership. Every Owner will be a Member of the Association. Membership shall be appurtenant to and may not be separated from Ownership of any Unit which is subject to assessment by the Association. There will be only one membership per Unit. If a Unit is owned by more than one Person, all Co-Owners will share the privileges of that membership. The membership rights of an Owner which is a corporation, partnership, limited liability company or other legal entity may be exercised by any officer, director, partner, member, manager, or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association. The Board of Directors may make reasonable rules relating to the proof of Ownership of a Unit.

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2.3 Voting.

(a) The Association shall have one class of voting membership. Members shall be entitled to one vote for each Unit in which they hold the interest required for membership by this ARTICLE. When more than one person holds such interest in any Unit, all such persons shall be Members. The vote for each Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any single Unit, and no fractional vote shall be cast with respect to any Unit. Members may notify the Secretary of the Association of the name of the individual who is entitled to cast the vote for that Unit in writing prior to any meeting; absent such notification the Member's vote will be suspended if more than one person seeks to exercise it.

(b) Non-Residential Areas will be entitled to one vote for each Unit owned. The number of Units allocated to each Non-Residential Area will be determined by the Board, but will not be less than one Unit.

(c) The Association for any Common Area owned or any association within a Multi-Family Site for any property owned within such Multi-Family Site will not have any votes.

(d) Bald Head Island Limited, LLC shall only be entitled to one (1) vote for each Unit in which it holds the interest required for membership by this Article and is not entitled to three (3) votes per each Lot owned in Stage Two, as such right was previously established in the Stage Two Primary Covenants.

ARTICLE 3
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

3.1 Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property.

3.2 Rules. The Association, through its Board, may make, revoke, amend and enforce reasonable rules governing the use of the Properties, in addition to further defining or limiting and, where specifically authorized hereunder, it may create exceptions to those covenants and restrictions set forth in this Declaration. Such rules shall be binding upon all Owners and Users.

3.3 Enforcement. The Association may impose sanctions for violations of this Declaration, the Articles, the Bylaws, or Rules and Regulations, including reasonable monetary fines and suspension of the right to vote and the right to use any recreational facilities or Amenities within the Common Area. In addition, the Association may exercise self-help to cure violations, and may suspend any services it provides to the Unit of any Owner who is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association. The Board may seek relief in any court for violations or to abate nuisances. The Board may assess the reasonable monetary fines authorized by this Section as a Special Assessment authorized by

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ARTICLE 5 of this Declaration, and may take any other action permitted by this Declaration for the enforcement of this Declaration, including those set forth in ARTICLE 15.

3.4 Board Authority and Implied Rights. Except as otherwise specifically provided in this Declaration, the Bylaws or Articles, all rights and powers of the Association may be exercised by the Board without a vote of the membership. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, or the North Carolina Nonprofit Corporation Act, or other applicable laws or reasonably implied therefrom or reasonably necessary to effectuate any such right or privilege.

3.5 Indemnification. To the maximum extent allowed by North Carolina law, the Association will indemnify every officer, director, and committee member against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be party by reason of being or having been an officer, director or committee member.

The Association will, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

3.6 Management and Administration. The management and administration of the Association and Common Area will be the sole right and responsibility of the Association. The management will be carried out in accordance with the terms and conditions of this Declaration, the Articles, Bylaws and Rules and Regulations; or they may be delegated to another person or entity, including a management company.

3.7 Association Insurance. The Association will maintain all insurance coverage it believes desirable, including, but not limited to officers' and directors' liability insurance, general liability insurance, Workman's Compensation insurance and casualty insurance.

ARTICLE 4
CONDEMNATION

4.1 Condemnation. If any part of the Common Area shall be taken (or conveyed in lieu of condemnation by the Board acting on a vote of at least two-thirds of the Members present and voting in person or voting by proxy at a meeting of the Members) by any authority having the power of condemnation or eminent domain, each Owner will be entitled to written notice. The award made for such taking will be payable to the Association and will be used as set forth in paragraph 4.2 below and thereafter, in the discretion of the Board of Directors.

4.2 Restoration. If the taking involves a portion of the Common Area on which improvements have been constructed, the Association will restore or replace such improvements on the remaining land included in the Common Area to the extent available,

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unless at least two-thirds of the Members present and voting in person or voting by proxy at a meeting of the Members shall otherwise agree. Any such construction will be in accordance with plans approved by the Board.

ARTICLE 5
ASSESSMENTS

5.1 Creation of Assessments.

(a) The Association is hereby authorized to levy assessments against each Unit for Association expenses as the Board may specifically authorize from time to time. There will be three types of assessments for Association expenses: (1) General Assessments to fund Common Expenses for the general benefit of all Units within the Properties ("General Assessments"); (2) Special Assessments as described in Section 5.5; and (3) Supplemental Assessments (also referred to as Supplemental Dues) to fund the cost of providing management, maintenance, repair, and replacement to Service Areas that benefit only certain Units. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties is deemed to covenant and agree to pay these assessments.

(b) The Association will, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid. Such certificate will be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(c) No Owner may exempt himself from liability for assessments, by non-use of Common Area, abandonment of his Unit, or any other means. No diminution or abatement of assessments or set-off will be claimed or allowed for any alleged failure of the Association or Board to take some action, or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

(d) The Association is specifically authorized, but not obligated, to enter into subsidy contracts or contracts for "in kind" contribution of services, materials or a combination of services and materials with other entities for payment of Common Expenses.

5.2 Purposes of Assessments. The assessments levied by the Association will be used exclusively for the purpose of fulfilling the function of the Association as more specifically set forth in Section 2.1 herein.

5.3 Computation of General Assessment.

(a) At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses during the coming year, including a capital contribution to establish a reserve fund in accordance with a budget prepared as provided in Section 5.4.

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(b) The General Assessment will be levied against all Units as hereinafter set forth and will be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Association. Improved Units shall pay General Assessments (as of the beginning of the fiscal year following the issuance of a certificate of occupancy for the Improved Unit) equal to three (3) times the General Assessment payable by the Owner of an Unimproved Unit.

5.4 Capital Reserve Budget. The Board will annually prepare a capital reserve budget for acquisition, maintenance and replacement of Capital Improvements which considers the number and nature of replaceable assets, the expected life of each asset, and the expected cost.

5.5 Special Assessments.

(a) In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover Capital Improvements, including acquisition, construction, reconstruction, maintenance, repair or replacement thereto, or unbudgeted expenses or expenses in excess of those budgeted. The Board may establish the amount of the Special Assessment for Capital Improvements if it is less than (1) ten percent (10%) of the General Assessment or (2) TWO HUNDRED FIFTY DOLLARS ($250.00), whichever is greater, in any assessment year for each Unit. All other Special Assessments for Capital Improvements will require the affirmative vote of two-thirds of Members present and voting in person or by proxy at a meeting of the Members who will be subject to such Special Assessment. Special Assessments for Capital Improvements will be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. Improved Units shall pay Special Assessments levied under this subparagraph (a) equal to three (3) times the Special Assessment levied against an Unimproved Unit hereunder.

(b) The Board will have the power to levy Special Assessments against a particular Unit or Units constituting less than all Units within the Properties, as follows:

(1) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Unit or occupants thereof upon request of the Owner pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners, which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner;

(2) to cover costs including overhead and administrative costs and reserves incurred for maintenance, repair and replacement of any private roads, signs, fences and berms or other structures or items which are constructed for the benefit of certain specified Units;

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(3) to cover costs incurred in bringing the Unit into compliance with the terms of this Declaration including, but not be limited to, ARTICLE 10, the Bylaws, Rules and Regulations, Design Guidelines or costs incurred as a consequence of the conduct of the Owner or User, including fines; provided that the Board shall give the Unit Owner prior written notice and an opportunity for a hearing before levying a Special Assessment under this subsection (b)(3);

(4) to cover all expenses, including overhead, administrative costs and reserves, incurred for maintenance, repair and replacement of any Limited Common Area; or

(5) to cover all expenses, including overhead, administrative costs and reserves for maintenance, repair and replacement of any areas or services for the benefit of any Non-Residential Areas.

5.6 Supplemental Assessments. The Board will have authority to levy Supplemental Dues against a particular Unit or Units constituting less than all of the Units located within the property described in **EXHIBIT B**, to cover the cost of providing management, maintenance, repair, and replacement to Service Areas that benefit only certain Units, including management costs and reserves that shall be collected for the sole purpose of maintenance, repair, and replacement to particular Service Areas, pursuant to the terms of the Stage Two Secondary Covenants. Reserves collected as part of the Supplemental Assessments for the maintenance, repair, and replacement to Service Areas shall be maintained in separate accounts. The Board may enforce such Supplemental Dues in the same manner as Special Assessments. Supplemental Assessments will be payable in such manner and at such times as determined by the Board.

5.7 Due Dates of General Assessment. The Board of Directors will fix the amount of the General Assessment against each Unit at least thirty (30) days in advance of the due date. Written notice of each General Assessment will be sent to every Owner subject thereto. The due dates will be established by the Board of Directors. The Board of Directors will require the General Assessment be paid at least annually, but may require them to be paid more often. Special Assessments and Supplemental Assessments may be collected separately from the General Assessments and the Board may require that they be paid, annually, semi-annually, quarterly, or monthly. The Association will, upon request, furnish a certificate signed by an officer of the Association setting forth whether the General Assessment, Special Assessment, or Supplemental Assessment on a specified Unit have been paid.

5.8 Lien for Assessments. All assessments, together with interest from the due date of such assessment at a rate determined by the Board (not to exceed the highest rate allowed by North Carolina law), late charges, costs, and reasonable attorney's fees, will be a charge and continuing lien upon each Unit against which the assessment is made until paid. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, will also be the personal obligation of the Person who was the Owner of such Unit at the time the assessment was made. Such lien will be superior to all other liens, except the liens of all ad valorem taxes or assessments, and any other liens which by law would be superior. Upon a

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transfer of title to a Unit, the grantee will be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first mortgagee or first beneficiary under a deed of trust who obtains title to a Unit by exercising the remedies provided in its mortgage or deed of trust or any individual obtaining title by or through a foreclosure will be personally liable for unpaid assessments which accrued prior to such acquisition of title. In the event of any transfer of title to a Unit, the lien of the assessments will not be extinguished.

5.9 Effect of Nonpayment of Assessments: Remedies of the Association: Any assessments or portion thereof which are not paid when due will be delinquent. The Association may record notice of the claim of lien in the Office of the Clerk of Superior Court of Brunswick County, file Notice of Lis Pendens, file a suit to collect such delinquent assessments and charges against the Owner personally obligated to pay the same, foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, including foreclosure under a power of sale, utilize any combination of these actions, or utilize any other remedy provided under North Carolina law. For any of these actions, interest, late charges, costs and reasonable attorneys' fees will be added to the amount of such assessment. The Association may bid for the Unit at any foreclosure or judicial sale and acquire, hold, lease, mortgage, and convey the Unit. The sale or transfer of any Unit will not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein.

5.10 Exempt Property. The following property will be exempt from the payment of General Assessments, Special Assessments, and Supplemental Assessments:

(a) all Common Area or Limited Common Area;

(b) any property dedicated to and accepted by any governmental authority or public utility;

(c) any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit which is subject to assessment under this ARTICLE (in which case the Unit will not be exempted from assessment).

ARTICLE 6
MORTGAGEE PROVISIONS

6.1 Notice to Association. In the event that any Member is in default in any obligation hereunder which remains unpaid for a period of sixty (60) days, every lender who is a first mortgagee or first beneficiary under a deed of trust as to the Unit of the defaulting Member will be immediately notified of such default, provided that such lender will have given specific written notice to the Association that it is the holder of a first mortgage, or first deed of trust, and will have requested the notice of default as herein set forth.

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6.2 Failure of Mortgagee to Respond. Any mortgagee or beneficiary under a deed of trust who receives a written request from the Board to respond to or consent to any action, will be deemed to have approved such action if the Association does not receive a written response within thirty (30) days of the mailing of such request, provided such request is delivered to the mortgagee or beneficiary of a deed of trust by certified or registered mail, return receipt requested.

ARTICLE 7
DESIGN GUIDELINES

7.1 General.

(a) No structures, buildings, improvements or construction, which shall include within its definition, clearing, grading, excavation and other sitework, will be commenced, erected, or maintained upon any Unit or the Properties, nor will any exterior addition, change, alteration, or change of color be made, except in compliance with this ARTICLE, the Design Guidelines and until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same will have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Committee according to the provisions of Section 7.2. Structures, buildings and improvements shall include, but not be limited to any dwelling, garage, fence, wall, sidewalk, walkways, hedge, mass planting, change in grade or slope, drainage pipe, drainage canal, ditch, swale, catch basin, swimming pool, tree house, playhouse, sign, flagpole, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, well utility facility, mailbox, patio, deck, screening for outdoor trash cans or other purposes, sprinkler system, driveway, outdoor decorative objects, shrubbery or landscaping.

(b) Any Owner may remodel, paint or redecorate the interior of structures on his Unit without approval. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

(c) This ARTICLE will apply to improvements to the Common Area by, or on behalf of, the Association.

(d) This ARTICLE will apply to improvements located on golf course property, but not to the design of the golf course.

7.2 Architectural Review.

(a) Responsibility for administration of the Design Guidelines, as defined below, and review of all applications for construction and modifications under this Article will be handled by the Committee as described in this Section 7.2. All members of the ARC shall be members of the Association with the exception that a maximum of two (2) members of the ARC may be Design Professionals ("Design Professionals" shall include engineers, architects, surveyors, interior designers, landscapers, and other professionals engaged in the business of

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constructing or designing residential homes or landscaping) who are not members of the Association. No more than one-third of the Committee's membership shall be contractors, builders, architects or others involved in the design or construction of structures on the Properties. The Board may hire such professionals as it deems necessary to assist the Committee in the discharge of its duties. The Board may establish and charge reasonable fees for review of applications hereunder. These fees may include the fees charged by any professional employed by the Board and may require such fees to be paid in full prior to review.

(b) The Committee will consist of at least five (5) persons appointed by the Board beginning on January 1, 2000, and will have jurisdiction over all construction on any portion of the Properties. Thereafter, the Board may change the number of persons serving on the Committee to an odd number of at least five (5) and not more than eighteen (18) persons by a vote of not less than two-thirds (2/3) of the Board.

(c) The Committee will consider as part of the review process the natural beauty and features of the land, adherence to the Community Wide Standards, aesthetic compatibility of architectural style and materials with other structures on Bald Head Island, and will maximize the conservation of trees and natural vegetation.

7.3 Design Guidelines and Procedures.

(a) The Committee will prepare design guidelines, application and review procedures (the "Design Guidelines"), and amendments thereto which shall apply to all construction activities within the Properties. The Design Guidelines will contain general provisions applicable to all of the Properties. The Design Guidelines will also contain specific provisions which vary from one portion of the Properties to another depending upon the location, unique characteristics, intended use, and applicable covenants. The Design Guidelines, application and review procedures, and any amendments thereto must be adopted and approved by the Board of Directors initially and reviewed at least every five (5) years thereafter.

(b) Any amendments to the Design Guidelines will apply to construction and modifications commenced after the date of such amendment only, and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced.

(c) The Committee will make the Design Guidelines available to Owners and contractors who seek to engage in development or construction within the Properties, and all such Persons will conduct their activities in accordance with such Design Guidelines.

7.4 Submission of Plans and Specifications.

(a) No construction or improvements, as defined in Section 7.1(a), will be commenced, erected, placed or maintained on any Unit; nor will any exterior addition, change or alteration be made thereto, until the plans and specifications ("Plans") will have been submitted to and approved by the Committee. The approval of the Plans will be consistent with

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the Design Guidelines. The Plans will show site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout, screening, and grading plans. The Design Guidelines will set forth the procedure for submission of the Plans. A reasonable fee for the review of the Plans will be required and submitted, along with the Plans and any other supporting documents required by the Committee. The Board may require a deposit to be posted prior to the commencement of any construction or work, which will be used for administrative costs, fees, damage to any Common Area, fines, or penalties incurred during construction or work. Any sums still due and owing will be a Special Assessment and may be collected in accordance with ARTICLE 5 or to insure that construction is completed in accordance with the Plans (including landscaping) approved by the Committee. Any sums remaining at the completion of construction will be returned to Owners or contractor.

(b) In reviewing each submission, the Committee will consider such parameters as the suitability of the proposed building, improvements, structure, landscaping, and the materials of which it is to be built; the proposed site; visual aesthetics; natural platforms and finish grade elevations; harmony of external design with nearby structures, property and environment; location in relation to surrounding structures, property and plant life which it deems appropriate and to the extent they are articulated in the Design Guidelines; possible negative impact on other Units; and compliance with the Design Guidelines and this Declaration. The Committee, for the purpose of retaining the natural features of the Lots, may require relocation of native plants within the construction site as a condition of approval of any submission. The Committee may also consider whether the construction methodology to be utilized and the method of transporting the components to be used in construction will cause substantial damage to the private streets or vegetation. Location of any driveways will be subject to the approval of the Committee.

(c) The Committee will have the right to refuse to approve any Plans which, based on the Design Guidelines, are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons, provided such approval is not unreasonably withheld.

(d) No bulldozing or clearing of trees or excavation of lakes or ponds will be commenced until the Plans showing the nature, kind, shape and location of work to be done have been submitted to and approved in writing by the Committee and a copy filed permanently with the Committee.

(e) The Committee, within forty-five (45) days from the meeting at which each complete submission has been reviewed, will advise the Property Owner submitting the Plans, in writing, at an address specified at the time of submission of (1) the approval of Plans, or (2) the segments or features of the Plans which are deemed by the Committee to be inconsistent or not in conformity with this Declaration and/or the Design Guidelines. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, approval will be deemed to have been given. Notice will be deemed to have been given at the time the envelope containing such notice, properly addressed and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice will, however, be sufficient and will be deemed to have been given at the time of delivery.

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(f) If construction does not commence on a project for which Plans have been approved within 24 months of such approval, such approval will be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans for reconsideration.

(g) An applicant of any Unit disagreeing with the finding of the Committee may appeal the decision to the Board of Directors by giving written notice of appeal to the president of the Association within fifteen (15) days following receipt of notice of denial. The Board may refer the matter to an independent board of appeals of at least three (3) persons appointed by the Board, none of whom shall be a member of the Board or the Architectural Review Committee. Such board of appeals appointed by the Board shall review the decision of the Architectural Review Committee and make a recommendation or take other action as directed by the Board. The rules and procedures under which such board of appeals operates shall be determined by the Board. The Board of Directors will then review the plans, giving the chairman of the Architectural Review Committee, or his designee, the opportunity to present to the Board of Directors specific reasons why the plans were rejected, and the Owner of the Unit or his agent may present information challenging the findings of the Committee. The decision of the Committee will only be overridden by a two-thirds vote of the Board of Directors, and the actions of the Board must be consistent with this Declaration and the Design Guidelines. The Board of Directors will adopt an appeals procedure which is in accordance with the framework set forth in this paragraph.

7.5 No Waiver of Future Approvals. Each Owner acknowledges that the members of the Committee and the Design Guidelines will change from time to time and that interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of Plans for any work done or proposed, or any other matter requiring approval, will not be deemed to constitute a waiver of the right to withhold approval for any similar Plans subsequently or additionally submitted for approval.

7.6 Variance. The Committee may authorize in its discretion reasonable variances or adjustments from compliance with any of its guidelines and procedures in order to alleviate practical difficulties and hardship in their enforcement and operation. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; or (b) stop the Committee from denying a variance in other circumstances. Any such variances shall not violate the spirit or the intent of this document to create a subdivision of Units owned in fee by various persons with each such Owner having an easement upon areas owned by the Association.

7.7 Limitation of Liability. Review and approval of any application pursuant to this ARTICLE will be made on the basis of this ARTICLE and the Design Guidelines only and the Committee will not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Association, the Board nor the committee, will be held liable for any injury, damages, or loss arising out of the review and approval of any application. This includes, but is not limited to, the granting of a variance, the manner or quality of construction, defects in any Plans, deficiencies in kind or quality of

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materials used, or for ensuring compliance with building codes and other governmental requirements.

(a) Any structure placed or improvement made in violation of this ARTICLE will be deemed to be non-conforming. Upon written request from the Board, Owner shall, at its own cost and expense, remove such structure or improvement and restore the land to substantially the same condition which existed prior to the non-conforming work. Should an Owner fail to remove and restore as required, the Board will have the right to enter the property, remove the violation, and restore the property to substantially the same condition as it previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Unit Owner and the benefited Unit and collected as a Special Assessment in accordance with the provisions of ARTICLE 5.

(b) The Association shall have the authority to establish fines for violations of this ARTICLE and the Design Guidelines, including fines for continuing violations. The fine amounts may be deducted from any deposit posted. If the fines are not paid, the Association may establish a Special Assessment in accordance with the provisions of ARTICLE 5.

(c) In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available, including injunctive relief and proceedings for contempt, to enforce the provisions of this ARTICLE and the decisions of the Committee in accordance with the provisions of ARTICLE 15.

7.8 Specific Design Guidelines.

(a) Site Placement. To insure that the maximum balance of view, privacy and breeze will be available to each home located within the Properties; and to assure that all structures will be located with regard to the topography of each individual Unit or Multi-Family Site taking into consideration the height of the dunes, the location of trees on each Unit and similar considerations, the Committee will have the right of approval of the precise site and location of any Multi-Family structure, house or dwelling or other structure upon all the Properties. In its right to approve, the following guidelines for building will be used as a minimum standard, be adhered to, and be followed except with the prior written approval of Committee:

(1) On Estate Lots no building or structure will be located within fifty (50) feet of the street property line in front of said Unit, within twenty-five (25) feet of the side or ten (10) feet of the rear of said Estate Lots.

(2) No Lots shall be merged with one another, except as provided in Section 13.1. On merged Lots, no building or structure will be located within thirty-five (35) feet of the front property line abutting the roadway, within twenty-five (25) feet of the side or ten (10) feet of the rear lines of the resulting merged Lot.

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(3) Any setbacks or any allowed building pad shown on any recorded subdivision plat are incorporated herein by reference. Unless otherwise shown on such a plat or specified in an amended declaration annexing properties hereto, no building or structure will be located (a) on any other Lot within the properties described in **EXHIBIT A**, within thirty-five (35) feet of the street property line in front of said Unit or within ten (10) feet of the side or rear lines of said Unit, and within fifteen (15) feet of any side street and (b) on any Lot within the properties described in **EXHIBIT B**, within thirty-five (35) feet of the street property line in front of said Unit or within ten (10) feet of the side or rear lines of said Unit. To the extent there is a conflict between this sub-section and the requirements of the approved Planned Unit Development (PUD) applicable to all or a portion of the Properties, the PUD shall be controlling.

(b) General Building Restrictions. Construction on numbered single-family Units within the Properties will be governed by the following general minimum requirements:

(1) Except with the prior written approval of the Board, all single family residences will have a maximum height of thirty-five (35) feet as measured from the lowest natural point where the main building perimeter and any attached structures meet grade ("Lowest Point") to the highest point of the roof. For the purpose of determining the Lowest Point on a lot where any elevation beneath the building perimeter falls below an elevation of five feet (5') above mean sea level (AMSL), the Lowest Point shall be considered five feet (5') AMSL. Height limitations for properties annexed hereto may differ from the height limitation set forth herein; any such limitation on height shall be contained in the amendment subjecting such annexed properties to the terms, provisions and conditions of this Declaration; provided that the Lowest Point for all properties shall be determined as set forth herein. The Board will establish the maximum height of Multi-Family and Non-Residential structures as part of the Design Guidelines, which may not exceed forty-five (45) feet except with the prior written approval of the Board.

(2) Except as provided herein or in the Stage Two Secondary Covenants, single-family residences will have the minimum square footage of sixteen hundred (1600) square feet of enclosed living area, exclusive of garages, boat sheds, terraces, decks and open porches. A maximum of three hundred (300) square feet of the square footage of the floor plan may be included in a fully screened porch, so long as the roof of such porch forms an integral part of the roof line of the main structure.

(3) No temporary structures, such as trailers, tents, canopies or mobile homes, will be placed on any Unit within the Properties; provided, however, that in the course of the construction of the building as set out above, the contractor or builder may have shelters or storage sheds used in the course of the construction and for no other purpose, which will be removed from the premises within ten days after the completion of the building. No tents or canopies will be placed on any Unit without the written consent of the Association.

The Committee will approve the location of any structure, having regard for the foregoing considerations, aesthetic considerations, Community-Wide Standard, size, shape and location of

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the property, type of housing, and any other reasonable considerations. The Committee has the right to require maintenance and/or removal of plant material to protect an Owner's view.

(c) Completion. Once construction of a dwelling or other improvements is started on any Unit, the exterior improvements, including painting and landscaping must be completed in accordance with the approved plans and specifications within twenty-four (24) months from the Commencement Date. "Commencement Date" will be the date of the issuance of the building permit. Failure to complete construction within twenty-four (24) months from Commencement Date may result in a fine being imposed in the minimum amount of $500.00 per month, which shall be payable to the Association. The fine imposed under this Section will be a Special Assessment enforceable in accordance with ARTICLE 5.

(d) Compliance with Local Regulations. Buildings must in all particulars meet the requirements of the Brunswick County Health Department regulations and the Village of Bald Head Island building code and ordinances, including the procuring of a building permit and landscape permit.

(e) Water and Sewer Service. All buildings must hook up to water and sewer service at the time of construction, whether provided by a private utility company or the Village of Bald Head Island.

(f) Non-Residential Guidelines. The Board may adopt specific guidelines governing any Non-Residential structure located within, annexed to, or merged with the Properties.

(g) Braemar Building and Site Restrictions. Lots within the Braemar Subdivision shall be subject to the further building and site restrictions set forth in **EXHIBIT D** hereto.

ARTICLE 8
COMMON AREA

8.1 Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, will manage and control the Common Area and all improvements thereon (including, but not limited to, private roads, rights of way, furnishings, equipment, walkways, gazebos, master walkway, and common landscaped areas); and will keep it in good, clean, attractive, and sanitary condition, order and repair, consistent with this Declaration and the Community-Wide Standard.

8.2 Dedication of Common Area. The Association may dedicate portions of the Common Area to any local, state, or federal governmental entity, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association.

8.3 Management of Common Area. The management and administration of the Association, Common Area, recreation areas and Amenities will be the sole right and responsibility of the Association.

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8.4 Permitted Use of Portions of Common Area.

(a) The Association does, subject to the terms and conditions contained in this Declaration, hereby establish, declare and grant, for the benefit of the Bald Head Island Club ("Club") and its successors in ownership of the Club property, the following non-exclusive licenses for use of the portions of the Common Area further described below:

(i) Landscaping. A license over that certain portion of the Common Area that (A) is located directly adjacent to the Club property, (B) lies within thirty (30) feet of the boundary between the Common Area and the Club property and (C) is currently being landscaped by the Club (the "Landscape License Area"), for the limited purposes of landscaping, planting of grass, watering the golf course, application of fertilizer to the golf course as needed, and otherwise mowing and maintaining the Landscape License Area (the "Landscape License"). The Landscape License will include the right to trim underbrush and remove trees less than three inches in diameter (outside bark to outside bark) when measured four (4) feet above ground level, stumps, trash and debris that would or could be in conflict with the plans and specifications of the golf course as reasonably determined by the Club. No strip clearing, including, without limitation, the removal of underbrush including all roots, shall be permitted.

(ii) Play Areas. A license to permit and authorize registered golf course players and their caddies to enter upon the Landscape License Area to recover a ball or play a ball (the "Play License"). The Play License is subject to the official regulations of the course, and such entering and playing will not be deemed a trespass. Registered golf course players or their caddies will not be privileged to enter the Landscape License Area with a golf cart or other vehicle. The Club and its successors in ownership of the Club property shall place and maintain "out of bounds" markers on said areas at the expense of the Club or its successors in ownership of the Club Property.

(b) The Association shall also cooperate with the Club in identifying any areas outside of the Landscape License Area that are currently being landscaped or maintained by the Club (the "Extended Landscape License Area"), and any such use shall be (i) considered a license subject to the same restrictions and limitations as the Landscape License Area and as otherwise set forth herein, including, without limitation, Section 3 below (the "Extended Landscape License") and (ii) non-hostile to the right and title of the Association and non-exclusive to the use of such area by the Association and its Members.

(c) To the extent the Club has compelling reason to maintain or use areas within or outside of the Landscape License Area or the Extended Landscape License Area in a manner that is beyond the rights to landscape granted herein (e.g. for phragmite reduction), (i) the Association shall, upon request by the Club, discuss appropriate terms for such use, (ii) any such use shall be terminable by the Association at any time unless otherwise agreed in writing by the Association and (iii) to the extent any such use is currently occurring, it shall be deemed non-hostile to the right and title of the Association and non-exclusive to the use of such areas by the Association and its Members.

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(d) Cart Paths. The Association hereby declares that (a) all use, operation, maintenance, repair and replacement of the golf cart paths in existence as of January 30, 1998 (the "Cart Paths"), being the date of that certain Deed from Bald Head Island Limited to the Association recorded in Book 1205, Page 63 of the Brunswick County Public Registry, and the area they occupied as of such date (the "Cart Path Area"), by the Club and its agents, contractors and employees, shall be for the limited purpose of inspecting, maintaining, removing, replacing and operating the Cart Paths for the benefit of registered golf course players and their caddies, and (b) any use by the Club of Common Area outside the Cart Path Area for any cart paths (the "Cart Path License Area" and, together with the Landscape License Area and the Extended Landscape License Area, referred to herein as the "License Areas") shall be (i) considered a license subject to the same restrictions and limitations as the Cart Path Area and as otherwise set forth herein, including, without limitation, Section 3 below (the "Cart Path License" and, together with the Landscape License, the Extended Landscape License and the Play License, referred to herein as the "Licenses") and (ii) non-hostile to the right and title of the Association and non-exclusive to the use of such area by the Association and its Members.

(e) Term of Licenses. Subject to this Section, the term of the Licenses shall continue in effect until the Association or the Club provides the other at least six (6) months prior written notice of its desire to terminate the same. In the event of a termination of the Licenses, the Club shall be solely responsible for the dismantling and removal of any facilities and equipment from the License Areas within sixty (60) days following such termination. The termination of the Licenses shall not affect the other restrictions and declarations set forth in this Declaration unless otherwise agreed in writing by the Association.

(f) Existing Golf Course Maintenance Easement Area. The Association hereby declares that (a) the "golf course maintenance easement area" described in Section 12.10(b) of the Declaration (the "Easement Area") as interpreted by the Association includes only those areas within thirty (30) feet of the boundary between such Units and the Club Property and (b) any use by the Club of property that is part of a Unit but lies outside the Easement Area (the "Extended Maintenance Area") shall be (i) subject to the same restrictions and limitations applicable to the Easement Area, but terminable by such Unit Owner at any time and (ii) non-hostile to the right and title of the Owner of such Unit and non-exclusive to the use of such area by the owner of such Unit.

(g) Compliance. If the Club's use fails to comply, or ceases to comply, with any and all present or future federal, state or local laws, statutes, ordinances, rules, regulations or orders of any and all governmental or quasi-governmental authorities (collectively, the "Requirements") having jurisdiction over the License Areas, the Easement Area, the Extended Maintenance Area or the Cart Path Area (collectively, the "Accessed Areas"), then the Licenses or other rights of the Club under this Declaration shall be terminable by the Association immediately at any time.

(h) Liability. The Association shall not be liable or responsible in any way for any claims against the Association with respect to or arising out of: (i) any death or any injury of any nature whatsoever that may be suffered or sustained by the Club or any other person, from

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any causes whatsoever relating to the Club's use of the Licenses or other rights under this Declaration; or (ii) any loss or damage or injury to any property outside or within the Accessed Areas belonging to the Club or any other person.

(i) Reserved Rights; Amendment or Termination. The Association reserves, for itself and its successors and assigns, all rights to use the Accessed Areas in any manner that does not directly and materially interfere with the rights granted to the Club in this Declaration. The Association, on behalf of itself and its successors and assigns, reserves the right to revoke, amend, further define, limit, or create exceptions to this Declaration and make and enforce any additional reasonable rules governing the use of the Accessed Areas, all as may be deemed necessary or desirable in the sole judgment of the Association. All rights and obligations reserved or granted to the Association hereunder shall be binding upon and inure to the benefit of its successors and assigns.

(j) No Liens or Right to Assign. The Club shall not have the right, directly, indirectly, by operation of law or otherwise, to assign, mortgage, pledge, encumber, sub-license or otherwise transfer any interest under this Declaration; provided, however, this Declaration shall apply to any successor owner of the Club property. Nothing contained in this Declaration shall empower or confer upon the Club any right to do any act which can, shall or may encumber the interest or title of the Association or Unit Owners in and to the Accessed Areas.

(k) License Only; No Warranties. Notwithstanding anything to the contrary contained herein, any and all rights conferred upon the Club pursuant to this Section create a license only, and no lease, easement or other right or interest of any kind or nature (other than a license) is created or conferred pursuant to this Section. Acceptance of any areas by the Club shall be on an "AS IS, WHERE IS and WITH ALL FAULTS" basis and any warranty, covenant, or guaranty, oral or written, express or implied or by operation of law is disclaimed.

(l) No Public Dedication. Nothing contained in this Section shall ever constitute or be construed as a dedication of any interest herein to the public or give any member of the public any right whatsoever.

(m) Acceptance by Club. The Club, by its use of the Accessed Areas, shall be deemed to have accepted and agreed to the terms and conditions herein.

ARTICLE 9
PROPERTY RIGHTS IN COMMON AREA

9.1 Easement Rights of Owner in Common Area. Every Owner will have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area which shall be appurtenant to and pass with the title to every Unit, subject to the following provisions:

(a) this Declaration, the Articles, the Bylaws, the Rules and Regulations and any other applicable covenants;

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(b) any restrictions or limitations contained in any deed conveying such property to the Association;

(c) the right of the Board to adopt rules regulating the use and enjoyment of the Common Area and improvements thereon, including rules restricting use of the recreational facilities within the Common Area to occupants of Units and their guests and rules limiting the number of guests who may use the Common Area; and the right of the Board to establish penalties for any infractions thereof;

(d) the right of the Board to suspend the voting rights and the right to use the Common Area and the recreational facilities within the Common Area by an Owner or User (1) for any period during which any charge against such Owner's Unit remains unpaid, and (2) for a period not to exceed sixty (60) days for a single violation, or for a longer period in the case of any continuing violation, of this Declaration, the Bylaws, Articles, or the Rules and Regulations, after notice and a hearing pursuant to procedures adopted by the Board;

(e) the right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area;

(f) the right of the Board to impose reasonable fees for services or membership requirements and charge reasonable membership admission or other fees for the use of any recreational facility situated upon the Common Area;

(g) the right of the Board to permit use of any recreational facilities situated on the Common Area by persons, other than Owners and Users upon payment of use fees established by the Board;

(h) the right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth herein. The rights of such mortgagees in said Properties will be subordinate to the rights of the Unit Owners hereunder; and

(i) easements as provided in ARTICLE 12.

9.2 Extension of Easement Rights. Any Owner may extend his or her right of use and enjoyment to any User, subject to reasonable Board regulation. An Owner who leases his or her Unit will be deemed to have assigned all such rights to the lessee of such Unit for the duration of the lease and any such lessee will abide by all the restrictions contained herein. Any such lease will not release the Owner of his liability for damage to the Common Area caused by said lessee. Owner shall be liable for damage to the Common Area caused by any User.

ARTICLE 10
USE GUIDELINES AND RESTRICTIONS

10.1 Plan of Development, Applicability, Effect. The Properties are subject to architectural and Design Guidelines as set forth in ARTICLE 7 and to guidelines and restrictions

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governing land use, individual conduct, and uses of or actions upon the Properties as provided in this ARTICLE 10. This Declaration establishes affirmative and negative covenants, easements, and restrictions (the "Use Guidelines and Restrictions").

10.2 Rules and Regulations. Subject to the terms of this ARTICLE 10, the Board will implement and manage the Use Guidelines and Restrictions through Rules and Regulations which adopt, modify, cancel, limit, create exceptions to, or expand the Use Guidelines and Restrictions.

10.3 Acknowledgment of Owners.

(a) All Owners and all the Properties are subject to the Use Guidelines and Restrictions and are given notice that, (1) their ability to use their privately owned property is limited thereby, and (2) the Board may add, delete, modify, create exceptions to, or amend the Use Guidelines and Restrictions in accordance with Section 10.2.

(b) Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by these provisions, agrees to be bound thereby, and agrees that the Use Guidelines and Restrictions and Rules and Regulations may change from time to time.

10.4 Rights of Owners. Except as may be specifically provided in this Declaration, the Board may not adopt any rule which interferes with the activities carried on within the confines of Units; except that the Association may prohibit activities not normally associated with property restricted to residential or commercial use; that it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, that block the views from other Units, that create an unreasonable source of annoyance, embarrassment or discomfort to the Association or other Owners; that constitute an illegal, immoral, improper, noxious or offensive activity; or that create a nuisance.

10.5 Use Guidelines and Restrictions. The following Use Guidelines and Restrictions apply to all the Properties except for that real property owned by the Bald Head Island Club or the golf course at the time of the recordation of this Declaration:

(a) Single Family Utilization. This Declaration will restrict all Units to use only for single family residential purposes unless an amendment to this Declaration is adopted in accordance with Section 14.2. No home or other structure constructed within the described area will be utilized for commercial purposes, except that home offices will be permitted as long as such offices do not induce traffic, require signage, require outdoor storage of equipment, inventory, vehicles, or include retail space. If otherwise approved in accordance with the procedures and standards set out within this Declaration, nothing contained herein will prohibit or restrict the construction of any appurtenant structure to any residence, including, but not limited to, decks, walkways, crofter's cottages or cart storage facilities.

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No dwelling, including any ancillary structure or annex to a Unit, will be utilized at any time for occupancy by more than one family or one family with guests. The Owner of a Unit is specifically prohibited from occupying an ancillary structure or annex located on his Unit while renting the primary residential dwelling, or from occupying the primary residential dwelling while renting the ancillary structure or annex, or from renting to two or more rental parties, the primary residence and the ancillary structure or annex.

(b) Dunes. An Owner will not remove, reduce, cut down or otherwise change or cause to be removed, reduced, cut down or changed the elevation of any sand dunes or ridges or both within the Properties, even upon their respective Unit, except with the written permission and consent of the Association.

(c) Parking Rights. The Association may regulate the parking of vehicles, boats, trailers and other such items on the Common Area or the Properties. No vehicles, boats, trailers or other similar types of equipment shall be parked within the traffic lane of any street maintained by the Association.

(d) Parking Restrictions. Each Unit Owner will provide off-street parking space(s) for his Unit as required by the Design Guidelines. Off-street parking spaces may be established by the Association at various places for access to selected Common Areas. No boat, water craft of any kind and no boat trailer will be allowed to be parked overnight on any Unit or Common Area unless screened in accordance with the Design Guidelines. Any vehicle violating this restriction may be removed and impounded by the Association and towing charges assessed.

(e) Satellite Receivers/Antennae. No exterior structure or device intended for receiving or transmitting radio, television or other electronic signals or waves will be allowed. Notwithstanding the foregoing, (i) antennae or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) antennae or satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennae or satellite dishes designed to receive television broadcast signals which are less than one meter in diameter ("Permitted Devices") shall be permitted, *provided that* any such Permitted Device is placed in the least conspicuous location on the Lot in which an acceptable quality signal can be received and is screened from the view of adjacent Living Units, streets and Common Area in a manner consistent with the Community Wide Standard and the Design Guidelines. No Permitted Device may be placed on the Common Area without the written approval of the Board.

(f) Quiet Enjoyment. No immoral, illegal, improper, obnoxious or offensive activity will be carried on upon the Properties which may be or may become a nuisance or annoyance to the neighborhood or Unit Owners.

(g) Prohibited Uses. It is the intent and purpose of the Association to ensure development and maintenance of the Bald Head Island complex as an exclusive residential community of the highest quality and at the same time to endeavor to retain the

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natural, unspoiled beauty of the Island. To that end the following restrictive uses and limitations are placed on all Units within the Properties:

(1) No fuel tanks or storage receptacles will be exposed to public view and will either be located and kept in an accessory building, underground receptacles or screened from view. Trash and garbage receptacles will be enclosed or screened from view.

(2) No open or exposed storage, including junk or abandoned items of personal property, will be maintained on any Unit. No trash or refuse, including leaves, will be burned in an open incinerator within the Properties.

(3) No animals, livestock or poultry of any kind will be raised, bred or kept within the Properties except household pets, which may not be kept, bred or maintained for any commercial purpose. Pets must be kept under control by the Owner at all times and attended as required by the ordinances of the Village of Bald Head Island. The Owner will be responsible to remove all pet excrement deposited on the Properties.

(4) No (i) cluster growths of vegetation in excess of two square feet, (ii) trees measuring three inches or more in diameter (outside bark to outside bark) at four feet along the trunk from the ground level, and (iii) tree limbs of more than three inches or more in diameter may be removed without prior written approval of the Association, which approval will not be unreasonably withheld.

(5) No beach access will be allowed or created other than in a location permitted by the Board.

(h) Signs. No commercial signs, including "for rent", "for sale" and other similar signs will be erected or maintained within the Properties except those which conform to the then-existing Design Guidelines. The Board retains the right to modify the Association standard for signs, including the right to disallow signs altogether and to change the standard specifications, including, but not limited to, the size, shape, color, content, type of material and location of the sign or symbol. Any modification to the defined Association sign standard must be approved by a two-thirds (2/3) vote of all Board members.

(i) Construction. Construction signage and temporary structures, including trailers, shall conform to the then-existing Design Guidelines. The Association will adopt standards for construction sites for the purpose of reasonably controlling the aesthetics, trash, and noise resulting from construction. The Association must approve all identification signs. Only one construction sign will be allowed per Unit.

(j) Non-Residential Structures. The Board may adopt regulations regarding the land use, individual conduct and uses of or actions upon any Non-Residential Areas, at the time any property is annexed into or merged with the Properties, at the time of any amendment permitting non-residential use within any areas currently designated as single family residential Units, or at any other time deemed appropriate by the Board.

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ARTICLE 11
MAINTENANCE

11.1 Responsibility of Association. The Association will be responsible to maintain and keep in good repair the Common Area and other Property which the Board may decide to maintain in the interest of the Association.

The Association shall have an affirmative obligation to maintain all private access easements and all driveway easements in **EXHIBIT B** Properties and improvements on either, to the extent conveyed to the Association or to the extent such responsibility is assigned to the Association by this Declaration or any amendment hereto, in good condition, subject to the payment of Supplemental Assessments by the Owners of all Lots benefitted by the easements. Under no circumstances shall the Association have an obligation to utilize Association funds to maintain the access and driveway easements and improvements thereon, other than those funds collected for those purposes. Some of these private access easements (referred to herein as "Easements" and each an "Easement") are described in amendments to the Stage Two Primary Covenants recorded in the following Books and Pages of the Brunswick County Register of Deeds: Book 1380, at Page 707; Book 1380, at Page 714; Book 1480, at Page 721; Book 1382, at Page 241; Book 1573, at Page 785; Book 1590, at Page 290; Book 1953, at Page 505; and Book 1979, at Page 1227. The Association, with the approval, as to each particular Easement, of all the Owners of the Lots subject to the particular Easement, as depicted on recorded plats of the Easements ("Easement Owners") may dedicate the Easement to the Village of Bald Head Island for use by the public. Upon approval by the Association and the Easement Owners, a plat shall be recorded that indicates the dedication of the Easement to the Village of Bald Head Island for use as a public street. After the Association's compliance with the Village Code of Ordinances, including, without limitation, those provisions applicable to a service access thoroughfare, and any other legal requirements applicable to the dedication and acceptance of the dedication of the Easement by the Village of Bald Head Island, the Association shall be responsible for the maintenance of the Easements only in the event the Village fails to keep the Easements in proper repair and free from unnecessary obstructions, abandons the Easements as provided by law, or by agreement of the Association and Village.

11.2 Responsibility of Owner. Each Unit Owner will maintain and preserve the grounds of the Unit, Living Unit, and all structures located thereon in a clean, neat, sightly and attractive condition; and will provide for the removal of all trash or refuse from the Unit. This removal will be consistent with the Community Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to this Declaration. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may, but is not required to, perform such maintenance responsibility and assess all costs incurred by the Association against the Unit and the Owner in accordance with ARTICLE 5. The Association will afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

Within certain subdivisions or communities depicted in **EXHIBIT B**, certain properties as shown on recorded plats of said subdivisions shall be owned by the Owner of more than one Lot, for the sole benefit and use of said Owners. For example, a common driveway

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may provide access to two or more Lots, or a common walkway may provide beach access or access to other areas to the Owners of two or more Lots. The Owners of such Lots shall have the primary responsibility for the maintenance and upkeep of such jointly-owned properties. However, to the extent that one or more of said Owners fail or refuse to maintain such properties in a good, useable and sightly condition, or to the extent that one or more of such Owners does not pay said Owner's pro rata share for the upkeep and maintenance of such facility, the Association shall have the full right and authority to go upon such property, and to bring such improvements located hereon into a good, slightly, useable condition, or to cause landscaping or maintenance to be undertaken to maintain the safety and sightly appearance of such property, and the Association shall have the right to assess, in the nature of a special assessment, without approval of any Owner, the cost thereof against any Owner not contributing said Owner's fair and prorate share of the cost of such activities or improvements. Before the Association undertakes such action or expends any funds, the Association shall give a written notice to all affected owners, giving such Owners thirty (30) days in which to take the required action or to pay the required fees. Failure of the Owners to then so act shall give the absolute right to the Association to proceed as allowed herein, and to collect as part of the assessment an additional twenty percent (20%) of the cost of the work performed as an administrative and supervisory fee.

11.3 Maintenance of Units. If, in the opinion of the Association, any Owner fails to maintain any Unit owned by him in a manner which is reasonably neat and orderly and as is required by ARTICLE 10 or 11 or shall fail to keep improvements constructed thereon in a state of repair so as not to be unsightly, all in the sole opinion of the Association, the Association in its discretion, by the affirmative vote of a majority of the members of the Board of Directors, and following ten (10) days written notice to Owner, may enter upon and make or cause to be made repairs to such improvements and perform such maintenance on the Unit as may be required. This maintenance includes the removal of trash, pruning of shrubbery, weeding, performing items of erosion control, and removing unsightly structures and objects. The Association shall have an easement for the purpose of accomplishing the foregoing.

11.4 Standard of Performance.

Maintenance, as used in this ARTICLE, will include, but not be limited to, repair and replacement as needed, as well as other duties, as the Board may determine necessary or appropriate to satisfy the Community Wide Standard. All maintenance will be performed in a manner consistent with the Community Wide Standard and all applicable covenants and restrictions.

ARTICLE 12
EASEMENTS

12.1 Easement for Utility Installation.

(a) All of the Common Area will be subject to a perpetual non-exclusive easement for water lines, sanitary sewers, storm drainage facilities, telephone and electric power lines, television antenna lines, and other public utilities as may be established by the Association whether the same be within the boundaries of any Unit; provided, however, to the extent that the Properties have been made subject to utility easements by that instrument

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recorded in Book 490, Page 260 of the Brunswick County Registry or other recorded easement, and such easements have been utilized by public utilities for the placement or construction of utilities easements, or are reasonably necessary, as determined by the Board of the Association, for use for such placement based upon the location of existing utilities within such easements, such easements shall survive the recording of this Declaration. All other utility easements reserved to Bald Head Island Limited, LLC or its predecessors, i.e., easements which have not been utilized by public utilities in the construction or placement of utility systems or are not deemed necessary to be utilized by public utilities in the construction or placement of utility systems, are extinguished.

(b) The Association may grant easements for utility or other purposes for the benefit of the Properties and the Units, over, under, along and through the Common Areas. Provided, however that no such grant of easement will have a material adverse effect on the use, enjoyment or value of any Unit.

(c) All utility wires, lines, cables and lines, and pipes, without exception, will be underground.

(d) The Owners of Lots described in **EXHIBIT B** agree to execute a contract for availability of utility services in the form as approved from time to time by the North Carolina Utilities Commission, and to pay such charges as required thereby and as the same may be amended from time to time with approval of the North Carolina Utilities Commission. To the extent allowed by the North Carolina Utilities Commission, said fee may be collected as part of Supplemental Dues payable to the Association, and the Association shall remit such sums collected to the appropriate utility company.

12.2 Easements for Cross-Drainage. Every Unit and the Common Area will be burdened with easements for drainage of water runoff from other portions of the Properties. No Unit Owner will alter the drainage on any Unit so as to materially increase the drainage of water onto, or prevent drainage from, adjacent portions of the Properties without the consent of the Owner of the affected property.

12.3 Power to Grant Easements. The Association will have the power and authority to grant and to establish in, over, upon and across the Common Area conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Properties.

12.4 Easement for Entry. The Association will have the right, but not the obligation, to enter upon any Unit to perform maintenance pursuant to ARTICLE 11 hereof, and to inspect for the purpose of ensuring compliance with this Declaration, Bylaws, and the Rules and Regulations. This right may be exercised by any member of the Board and its officers, agents, employees, and managers without being guilty of a trespass. Except in an emergency situation, entry will only be during reasonable hours and after notice to the Owner.

12.5 Easement for Maintenance. All maintenance of any water, sewer or drainage easement will be the responsibility of the Owner of the Unit on which said easement is located. No structure, planting or other material will be placed or permitted to remain which

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may damage or interfere with the installation and maintenance of utilities, sewer or drainage facilities, or which may change the direction of flow of drainage channels in the easements. The easement area of each Unit and all improvements in it will be maintained continuously by the Owner of the Unit, except for those improvements for which a public authority or utility company is responsible.

12.6 Easements for Owner's Ingress and Egress. Every Owner and User shall have a perpetual non-exclusive easement and right of ingress and egress over and across any of the private roads and sidewalks located or to be located within the Properties, as shown on any recorded plats of the Property, for the purpose of providing vehicular and pedestrian access to and from the Properties.

12.7 Easement for Pathways. Each Owner and User will have a perpetual, non-exclusive easement for the use and enjoyment of bicycle paths, pedestrian paths, or nature preserve trails, if any, which may be established by the Association.

12.8 Common Area Easement. Every Owner of a Unit within the Properties, as an appurtenance to such Unit, shall have a perpetual easement over and upon the Common Area within the Properties for each and every purpose or use to which such Common Area is intended as determined by its type, or for which such Common Area generally is used, including, but not limited to, easement of access, maintenance, repair or replacement of the Common Area.

12.9 Grading Easement. The Association reserves unto itself, its successors and assigns, perpetual, alienable and releasable easements within the Properties, including an easement on, over and under the ground to cut drainways for surface water and an easement to grade soil whenever and wherever such action may appear to the Association to be necessary.

12.10 Golf Course Restrictions for Fairway Units. The following special restrictions will apply to all Units abutting, adjoining or lying contiguous to the golf course:

(a) Owners of such Units will not engage in any activities which would detract from the playing qualities of the Bald Head Island golf course, or from the Properties and its attractive overall landscaping plan for the entire golf course area.

(b) The owner of the golf course ("Golf Course Owner") is hereby granted an assignable "golf course maintenance easement area" of thirty (30) feet from the boundary between the Units and the golf course for the purpose of landscaping, planting of grass, watering the golf area, application of fertilizer to the golf area as needed, and otherwise mowing and maintaining the easement area. This easement privilege will include the removal of underbrush, trees less than three inches in diameter (outside bark to outside bark) when measured four feet along the tree trunk, clustered growth measuring less than two square feet, stumps, trash and debris that would or could be in conflict with the plans and specifications of the golf course area as determined by the Golf Course Owner.

(c) Golf Course Owner is hereby granted for itself, its successors or assigns, an easement to permit and authorize registered golf course players and their caddies to

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enter upon the golf course easement maintenance area to recover a ball or play a ball. This easement is subject to the official regulations of the course, and such entering and playing will not be deemed a trespass. Registered golf players or their caddies will not be privileged to enter the golf course maintenance easement area on any Unit with a golf cart or other vehicle. Golf Course Owner, its successors or assigns, agree to place and maintain "out of bounds" markers on said lots at the expense of the Golf Course Owner, its successors and assigns.

12.11 Prior Easements. Notwithstanding the replacement of the 2000 Declaration and Stage Two Primary Covenants with this Declaration, all easements created and described in the 2000 Declaration and Stage Two Primary Covenants shall be easements appurtenant to, and shall run with, the land by whomsoever owned, whether or not the same shall be contained or referred to in any future deed or conveyance, and shall at all times inure to the benefit and be binding upon the Association and the Owners, all their grantees and their respective heirs, successors, personal representatives or assigns.

12.12 Easements Run with the Land. All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on all undersigned, their heirs, successors and assigns, and any Owner, purchaser, mortgagee, beneficiary under a deed of trust and other Person having an interest in said land, or any part or portion thereof, regardless of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the benefit of and be binding on the undersigned, its successors and assigns, and any Owner, purchaser, mortgagee, beneficiary under a deed of trust and other Person having an interest in said land, or any part or portion thereof, regardless of whether or not reference to said easement is made in the respective deeds of conveyance, or in any mortgage or deed of trust or other evidence of obligation, to the easements and rights described in this Declaration.

ARTICLE 13
SUBDIVISION OF LOTS AND ANNEXATION

13.1 Subdivision. No Unit within the Properties shall be subdivided or divided into smaller Unit(s) or its boundary lines changed, nor shall any Unit or portion of a Unit be added to or incorporated into any other Unit, without the written consent of the Association, except that subdivision or division of any Unit into time share units is prohibited. However, any two property Owners may jointly purchase and divide a Unit between their respective Units, but in such event, the Unit then ceases in perpetuity to be a Unit in the Properties and is merged into the Ownership of the respective adjoining property Owners in the ratio of their division. Such division must be recorded in writing with the Association. The total number of Units, as indicated on **EXHIBIT A and B** shall not be increased. This Section shall not preclude the addition of Units by subsequent annexation of additional areas.

If the recombination of any Units reduces the total number of allowable building Units within Properties, for purposes of membership in the Association and for purposes of the payment of dues and assessments, recombined Units will be considered a single Unit.

13.2 Annexation. The Association may annex and subject any property on Bald Head Island to the provisions of this Declaration with the consent of the owner of such

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property (and any mortgagee or holder of a deed of trust on such property) and the affirmative vote of a majority of the members of the Board of Directors of the Association then holding office. Such annexation shall be accomplished by recording a supplemental declaration in the office of the Register of Deeds of Brunswick County describing the property to be annexed and specifically subjecting it to the terms of this Declaration and the jurisdiction of the Association. Any such supplemental Declaration shall be signed by the President of the Association and the owner of the annexed property (and the mortgagee or holder of a deed of trust on the annexed property, if any). Any such annexation shall be effective upon recording the supplemental declaration in the office of the Register of Deeds of Brunswick County unless otherwise provided therein. Any property annexed and made subject to this Declaration shall be subject to all the terms and conditions of this Declaration, and the owner of such annexed property shall be a Member of the Association.

ARTICLE 14
DURATION, AMENDMENT AND TERMINATION

14.1 Units, Persons and Entities Subject to this Declaration, Duration and Termination. All present and future Owners and Users, shall be subject to, and shall comply with the covenants, conditions, restrictions and affirmative obligations set forth in this Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance, the entering into of a lease, or the entering into occupancy or the visiting of any Unit will constitute an agreement that the provisions of this Declaration are accepted and ratified by such Owner and User and that they will fully comply with the terms and conditions of this Declaration. The covenants, conditions, restrictions, and affirmative obligations of this Declaration shall inure to the benefit of and be enforceable by the Association, or the Owner of any Unit, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded in the Brunswick County Registry, after which date this Declaration shall be extended for successive periods of thirty (30) years, unless a majority of the then Owners agree to revoke the same. The covenants, restrictions, conditions and affirmative obligations of this Declaration shall run with and bind the land and shall bind any Person having at any time any interest or estate in any Unit as though such provision were made a part of each and every deed of conveyance or lease.

14.2 Amendment. This Declaration may be amended by vote of two-thirds of those present and voting in person or voting by proxy at a meeting of the Members. An instrument which has attached as an exhibit, a certified copy of the resolution adopting the amendment and which has been signed by the president of the Association and attested to by its secretary, must be recorded in the Brunswick County Registry for such an amendment to be effective. In no event may this Declaration be amended so as to alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or to affect any lien for the payment thereof established herein.

The Board of Directors of the Association may amend this Declaration as shall be necessary, in its opinion, and without the consent of any Owner, in order to qualify the Association or the Subject Property or any portion thereof, for tax-exempt status. Such

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amendment will become effective upon the date of its recordation in the Brunswick County Registry.

The Association through a vote of two-thirds of its Board of Directors will be allowed to amend this Declaration, notwithstanding any other provision contained herein, and without joinder of any other party, to correct any discovered error contained herein, to clarify any ambiguity contained herein, or to add or delete any incidental provisions deemed in the sole discretion of Association to be in the best interest of the Association. This right may be exercised, and will be effective, only upon the recordation of a "Corrected Declaration" in the office of the Register of Deeds of Brunswick County. The Corrected Declaration shall specifically reference this document, and the provision impacted.

ARTICLE 15
COMPLIANCE WITH THIS DECLARATION, THE ARTICLES, THE BYLAWS, AND THE RULES AND REGULATIONS OF THE ASSOCIATION

In the case of failure of an Owner or User to comply with the terms and provisions contained in this Declaration, the Articles, the Bylaws, Rules and Regulations or Design Guidelines, the following relief shall be available:

15.1 Enforcement. The Association, any Owner, any aggrieved Owner on Bald Head Island on behalf of the Association, or any Owner on behalf of all the Owners on Bald Head Island who are Members of the Association shall have the right to enforce by any proceeding at law or in equity, all of the conditions, covenants and restrictions of this Declaration and the Articles, Bylaws, Rules and Regulations of the Association, Design Guidelines and any and all laws hereinafter imposed pursuant to the terms of this Declaration. The prevailing party will be entitled to collect all costs thereof, including reasonable attorneys' fees.

15.2 Remedies. The Association shall have the right to remedy the violation, including the right of entry onto any Unit without being guilty of trespass, and assess the costs of remedying same against the offending Owner as a Special Assessment as provided in ARTICLE 5 herein.

15.3 Suspension of Rights. For any violation of any provision of this Declaration, the Articles, the Bylaws, the Rules and Regulations, or Design Guidelines by an Owner or his User, including, but not limited to, the nonpayment of any General Assessment, Special Assessment, or Supplemental Assessment, the Association shall have the right to suspend the offending Owner's voting rights and/or the use by such Owner and his/her Users of the Common Area and recreational facilities and Amenities for any period during which a violation continues. Such penalties may not be for more than sixty (60) days for violation of any of the Association's published Rules and Regulations.

15.4 Fines. The Association may establish a schedule of fines for the violation of this Declaration, the Articles, Bylaws and Rules and Regulations and Design Guidelines. If an

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Owner does not pay the fine within fifteen (15) days the fine shall be a Special Assessment against the Owner's Unit and may be enforced by the Association in accordance with ARTICLE 5 herein.

15.5 Remedies Cumulative. The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.

15.6 Waiver. No provision contained in this Declaration, the Articles, the Bylaws, the Rules and Regulations, or the Design Guidelines will be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any Person or the Association as to the same or similar future violations, no matter how often the failure to enforce is repeated. The Association will not be liable to any Owner or other aggrieved party for failure to enforce any provision of this Declaration, the Articles, Bylaws, Rules and Regulations, or Design Guidelines.

ARTICLE 16
GENERAL PROVISIONS

16.1 Dispute Resolution. If a dispute, controversy or claim (whether based upon contract, tort, statute, common law or otherwise) (collectively, a "Dispute") involving the Association arises from or relates directly or indirectly to Bald Head Island, to the development of Bald Head Island, or to this Declaration, Articles, Bylaws, Rules and Regulations, or Design Guidelines; and if the dispute cannot be settled through direct discussions; the parties, including the Association or any Owner, shall submit the dispute for resolution in a mediation administered by a North Carolina certified mediator with experience in homeowners association matters. The mediator will be chosen by agreement of the parties under rules consistent with the rules for mediation required by North Carolina Superior Court. The mediation shall be nonbinding on the parties.

16.2 Amenities and Facilities. Every park, recreation area, recreation facility, dedicated access, and other Amenities appurtenant to the Properties, whether or not shown and delineated on any recorded plat of the Properties, will be considered private and for the sole and exclusive use of the Owners of Units within the Properties. Neither the recording of any plat nor any act of the Association with respect to such area is, or is intended to be, or will be construed as a dedication to the public of any such areas, facilities, or Amenities.

16.3 Applicability; Leases. All provisions of this Declaration and of any Association Rules and Regulations will apply to all Owners and Users of any Unit. Any lease on a Unit will provide that the User of the Unit will be bound by the terms of this Declaration, the Bylaws, and the Rules and Regulations of the Association.

16.4 Other Associations. Other associations have been or may be established within the Properties (e.g., condominium associations) and in connection therewith may designate limited common areas solely for the benefit of members of such associations. The annexation to Bald Head Association of such areas does not and will not entitle the Members of

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Bald Head Association to the use of any limited common area established for the benefit of members of such other associations.

16.5 Variances. The Board in its discretion by a vote of at least two-thirds of the members of the Board may allow reasonable variances and adjustments of this Declaration in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances will not violate the spirit or the intent of this document to create a subdivision of Units owned in fee by various persons, with each such Owner having an easement upon areas owned by the Association.

16.6 Conflict. In the event of any irreconcilable conflict between this Declaration and the Bylaws of the Association or the Articles of Incorporation of the Association, the provisions of this Declaration will control. In the event of any irreconcilable conflict between **EXHIBIT C** and the Declaration itself, the provisions of **EXHIBIT C** will control with respect to those Properties in **EXHIBIT B** (Stage Two). As to Properties in **EXHIBIT A**, the remainder of the Declaration will control.

16.7 Severability. Invalidation of any one of the covenants or restrictions set forth herein by judgment of any court, agency or legislative order will in no way affect any other provisions, covenants, conditions or restrictions contained in this Declaration.

16.8 Captions. The captions preceding the various Articles of this Declaration are for the convenience of reference only, and will not be used as an aid in interpretation or construction of this Declaration. As used herein, the singular includes the plural and where there is more than one Owner of a Unit said Owners are jointly and severally liable for the obligations herein imposed. Throughout this Declaration, references to the masculine will be deemed to include the feminine, the feminine to include the masculine, and the neuter to include the masculine and feminine.

16.9 Liberal Construction. The provisions of this Declaration shall be construed liberally to effectuate its purpose of creating a common plan or scheme of development of fee simple ownership of Units and buildings governed and controlled by rules, regulations, restrictions, covenants, conditions, reservations and easements administered by an owners' association with each Owner entitled to and burdened with the rights and easements equivalent to those of other Owners.

ARTICLE 17
STAGE TWO SECONDARY COVENANTS

17.1 References in Stage Two Secondary Covenants to Stage Two Primary Covenants. The Stage Two Secondary Covenants shall remain in full force and effect, but the Stage Two Primary Covenants are no longer in effect and have been replaced and superseded by this Declaration. The Stage Two Secondary Covenants contain references to the Stage Two Primary Covenants. Those references shall refer to certain sections of this Declaration as set forth on **EXHIBIT C**.

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17.2 Enforcement of Stage Two Secondary Covenants. The Association is vested with exclusive authority to enforce the Stage Two Secondary Covenants, except to the extent that any of the communities so authorized by the Stage Two Secondary Covenants may, if they so desire, form a sub-association for the purpose of enforcing the Stage Two Secondary Covenants applicable to the particular community; provided that these communities may not be forced or otherwise compelled by the Association to form a sub-association.

IN WITNESS WHEREOF, the Association, acting pursuant to the authority recited above, and Bald Head Island Limited, LLC, for the purpose of consenting to the terms of this Declaration, have caused this Declaration to be executed under seal in a manner so as to be binding this the day and year first above written.

BALD HEAD ASSOCIATION

By: _____
Judith Porter, President

_____
Secretary

(SEAL)

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STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

I, KAREN MOSTELLER, a Notary Public in and for the State and County aforesaid, do hereby certify that DOUG JENEST personally appeared before me this day and acknowledged that he is the Secretary of Bald Head Association, a North Carolina corporation with its principal office in Brunswick County, and that by authority duly given as the act of the corporation, the foregoing instrument was signed in its name by Judith Porter, President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and official seal this is 3rd day of January, 2018.

Notary Public
Print Name: KAREN MOSTELLER

My commission expires:

APRIL 10, 2020

(seal)

KAREN MOSTELLER
Notary Public, North Carolina
Brunswick County
My Commission Expires
April 10, 2020

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CONSENTED TO: **BALD HEAD ISLAND LIMITED, LLC**

By: _____
Charles A. Paul, III, Manager

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

I, Joyce M. Bonessi, a Notary Public in and for the State and County aforesaid, do hereby certify that Charles A. Paul, III, personally came before me this day and acknowledged that he is Manager of Bald Head Island Limited, LLC, a Texas limited liability company, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name.

WITNESS my hand and official seal this 22 day of January, 2018.

_____
Notary Public

My Commission Expires:

3/31/2022

(seal)

JOYCE M. BONESSI NOTARY PUBLIC NEW HANOVER COUNTY, NC

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EXHIBIT A

BEING all of that real property located on Bald Head Island, Smithville Township, Brunswick County, North Carolina, and more particularly described as follows:

That portion of Bald Head Island bounded on the northeast by North Bald Head Wynd, as located on the subdivision plats hereinafter described, extended to the high water mark of the Cape Fear River, on the east by Muscadine Wynd, as located on the subdivision plats hereinafter described, extended to the high water mark of the Atlantic Ocean, and on the South, West and Northwest by the high water mark of the Atlantic Ocean and the Cape Fear River, which is not shown on subdivision plats recorded in Map Book 12, Pages 1-11 and 38 of the Brunswick County Registry, or included in the tracts set aside for the Bald Head Inn as described in that deed of trust to Dotson G. Palmer, et al., Trustees for Mutual Savings and Loan Association, recorded in Book 288 at Page 470 of the Brunswick County Registry, and amended by Modification Agreement recorded in Book 342, Page 129 of the Brunswick County Registry; and

BEING all of that real property annexed to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Island Stage I, Brunswick County recorded in Book 498, Page 260, of the Brunswick County Registry; and

BEING all of that real property described in the documents set forth below and all amendments thereto, all of which are recorded in the Brunswick County Registry:

Book 263, Page 621.
Book 288, Page 470.
Book 342, Page 129.
Book 374, Page 645.
Book 379, Page 583.
Book 399, Page 488.
Book 409, Page 421.
Book 498, Page 260.
Book 514, Page 164.
Book 580, Page 880.
Book 588, Page 877.
Book 661, Page 441.
Book 661, Page 443.
Book 666, Page 678.
Book 679, Page 344
Book 679, Page 349.
Book 700, Page 522.
Book 700, Page 528
Book 715, Page 803.
Book 882, Page 431.
Book 925, Page 149.
Book 961, Page 754.

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Book 976, Page 977.
Book 1005, Page 953.
Book 1023, Page 362.
Book 1177, Page 391; and

BEING all of that real property described in the maps set forth below and all revisions and additions thereto, which maps are all recorded in the Brunswick County Registry:

Map Book 12, Pages 1-11.
Map Book 12, Pages 14-17.
Map Book 12, Pages 36-39.
Map Cabinet I, Page 373.
Map Cabinet J, Pages 178-184.
Map Cabinet J, Page 319.
Map Cabinet L, Page 195.
Map Cabinet M, Pages 84-86.
Map Cabinet O, Page 380.
Map Cabinet Q, Page 206.
Map Cabinet S, Page 12.
Map Cabinet S, Page 112.
Map Cabinet S, Pages 143-144.
Map Cabinet U, Page 287.
Map Cabinet X, Page 231.
Map Cabinet Y, Page 93.
Map Cabinet Y, Page 246.
Map Cabinet Z, Page 72.
Map Cabinet Z, Page 196; and

BEING all of that real property which is located in, made a part of, and annexed to the following subdivisions or sections, including, but not limited to those documents and maps set forth below and all amendments, revisions and additions thereto, all of which are recorded in the Brunswick County Registry:

Sabal Palm Cottages

Book 1068, Page 106
Book 1109, Page 753
Book 1100, Page 828

Map Book 17, Page 153
Map Book 18, Page 14

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Timber Creek Condominiums

Book 597, Page 185
Book 600, Page 232
Book 601, Page 137
Book 649, Page 475

Map Cabinet O, Page 160
Map Cabinet O, Page 161
Condominium Plat Book 3, Pages 37-41

Lighthouse Landing

Book 766, Page 519
Book 1068, Page 124
Book 1075, Page 337
Book 1081, Page 365
Book 1195, Page 163
Book 1122, Page 288
Book 1132, Page 1015

Map Cabinet Z, Page 399
Map Book 17, Page 152
Map Book 17, Page 241
Map Book 17, Page 465
Map Book 18, Page 232
Map Book 18, Page 440

Bald Head Island Villas

Book 487, Page 687
Book 803, Page 580

Map Cabinet M, Page 250

Ibis Roost

Book 785, Page 231
Book 912, Page 168
Book 945, Page 491
Book 956, Page 1046
Book 966, Page 468
Book 971, Page 584
Book 979, Page 280
Book 983, Page 830
Book 1062, Page 118

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Map Cabinet T, Pages 287-289
Map Cabinet T, Page 373
Map Cabinet U, Page 213
Map Cabinet X, Page 388
Map Cabinet Y, Page 71
Map Cabinet Y, Page 187
Map Cabinet Y, Page 268
Map Cabinet Y, Page 305

Middle Island

Book 399, Page 448
Book 814, Page 501
Book 824, Page 315

Swans Quarter

Book 651, Page 884
Book 663, Page 442

Condominium Plat Book 5, Pages 82-94
Condominium Plat Book 5, Pages 131-136

The Hammocks

Book 1240, Page 983
Book 1252, Page 47
Book 1261, Page 1148
Book 1263, Page 755
Book 1286, Page 919
Book 1310, Page 1039

Map Cabinet 7, Page 345
Map Cabinet 7, Page 346
Map Cabinet 7, Page 347
Map Cabinet 7, Page 348
Map Cabinet 7, Page 349
Map Cabinet 7, Page 350
Map Cabinet 7, Page 392
Map Cabinet 7, Page 393
Map Cabinet 7, Page 394
Map Cabinet 7, Page 395
Map Cabinet 7, Page 396
Map Cabinet 7, Page 397
Map Cabinet 7, Page 398

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Map Cabinet 7, Page 432
Map Cabinet 7, Page 433
Map Cabinet 7, Page 434
Map Cabinet 7, Page 478
Map Cabinet 7, Page 479
Map Cabinet 7, Page 480
Map Cabinet 7, Page 481
Map Cabinet 7, Page 482
Map Cabinet 7, Page 483

Flora's Bluff

Book 911, Page 497
Book 926, Page 719
Book 927, Page 951
Book 930, Page 1066
Book 933, Page 550
Book 940, Page 197
Book 941, Page 344
Book 942, Page 1082
Book 953, Page 633
Book 959, Page 672
Book 961, Page 1009
Book 971, Page 582
Boo 987, Page 594
Book 1004, Page 99
Book 1077, Page 255

Map Cabinet X, Pages 101-102
Map Cabinet X, Page 253
Map Cabinet X, Page 262
Map Cabinet X, Page 279
Map Cabinet X, Page 318
Map Cabinet X, Page 356
Map Cabinet X, Page 362
Map Cabinet X, Page 371
Map Cabinet Y, Page 37
Map Cabinet Y, Page 79
Map Cabinet Y, Page 95
Map Cabinet Y, Page 186
Map Cabinet Y, Page 333
Map Cabinet Z, Page 62
Map Book 17, Page 262

Killegray Ridge

Book 1007, Page 1015
Book 1017, Page 131
Book 1018, Page 44
Book 1020, Page 435
Book 1025, Page 806
Book 1025, Page 808
Book 1036, Page 115
Book 1040, Page 728
Book 1047, Page 292
Book 1064, Page 714
Book 1066, Page 211
Book 1084, Page 519
Book 1084, Page 521
Book 1095, Page 585
Book 1103, Page 1177

Map Cabinet Z, Page 89
Map Cabinet Z, Page 92
Map Cabinet Z, Page 165
Map Cabinet Z, Page 171
Map Cabinet Z, Page 192
Map Cabinet Z, Page 231
Map Cabinet Z, Page 232
Map Cabinet Z, Page 303
Map Cabinet Z, Page 337
Map Cabinet Z, Page 398
Map Book 17, Pages 127-128
Map Book 17, Page 146
Map Book 17, Page 341
Map Book 17, Page 342
Map Book 17, Page 345

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Book 1112, Page 583	Map Book 17, Page 518
Book 1149, Page 792	Map Book 18, Page 85
Book 1155, Page 54	Map Book 18, Page 275
Book 1177, Page 54	Map Book 18, Page 467
Book 1177, Page 391	Map Book 19, Page 243
Book 1192, Page 746	Map Book 19, Page 371
Book 1208, Page 1139	Map Book 19, Page 499
Book 1219, Page 900	Map Book 20, Page 152
Book 1220, Page 740	
Book 1238, Page 116	

Bald Head Island Harbour

Book 697, Page 267	Map Cabinet R, Page 365
Book 722, Page 952	Map Cabinet S, Page 142
Book 808, Page 358	Map Cabinet S, Page 300
Book 892, Page 13	Map Cabinet U, Page 41
Book 955, Page 846	Map Cabinet U, Page 66
Book 982, Page 43	Map Cabinet U, Page 157
Book 985, Page 384	Map Cabinet W, Page 323
Book 991, Page 1022	Map Cabinet X, Page 367
Book 1005, Page 945	Map Cabinet Y, Page 61
Book 1011, Page 189	Map Cabinet Y, Page 289
Book 1069, Page 67	Map Cabinet Y, Page 313
Book 1092, Page 196	Map Cabinet Z, Page 75
Book 1169, Page 1129	Map Cabinet Z, Page 118
Book 1185, Page 928	Map Cabinet 17, Pages 176 and 177.

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EXHIBIT B

STAGE TWO

All of the property previously made subject to the terms of the Protective Covenants for Bald Head Island Stage Two recorded in Book 1045, Page 676 in the office of the Register of Deeds of Brunswick County, including without limitation the property described in the following amendments, as they have been amended and supplemented (the Book and Page number in which these documents have been recorded in the office of the Register of Deeds of Brunswick County are included with each document in parentheses):

Braemar Extension (Book 1127, Page 1033);
Braemar Highlands (Book 1116, Page 689);
Cedar Court (Book 1062, Page 114);
Chicamacomico Woods, Cape Fear Station (Eco Tract A) (Book 2110, Page 508);
Eco-A-Prime, Cape Fear Station (Book 2172, Page 1426);
Eco-A-Prime Phase 2, Cape Fear Station (Book 2526, Page 795).
Eco Tract C - Kitty Hawk Cape Fear Station (Book 1915, Page 62);
Eco Tract C – Kitty Hawk (Book 1953, Page 505);
Eight (8) Lots in Commercial Tract 5A Cape Fear Station (Book 2173, Page 10);
Faire Isle, f/k/a Palmetto Point Island (Book 1260, Page 264);
Keeper's Landing Cape Fear Station - Multi Family 4 (Book 1766, Page 1200);
Keeper's Landing, Cape Fear Station – Multi-Family 4 (Book 1966, Page 132);
Kinnakeet Woods, Cape Fear Station (Eco Tract B) (Book 2110, Page 516);
Kitty Hawk Woods (Eco-B-Prime) Cape Fear Station (Book 2365, Page 276);
Loggerhead Beach (Book 1287, Page 1040);
Lot 2072 Extension (Book 1242, Page 855);
Palm Court (Book 1062, Page 110);
Palmetto Cove (Book 1045, Page 696);
Phase One, Surfman's Walk Cape Fear Station – Multi Family 3 (Book 1573, Page 785)
Phase Two, Surfman's Walk Cape Fear Station – Multi Family 3 (Book 1610, Page 132);

Recreation 1 – Village Common Cape Fear Station (Book 1388, Page 1353);
Single Family 1 Cape Fear Station (Book 1590, Page 290);
Single Family 2 Cape Fear Station (Book 1590, Page 297);
Single Family 3 Cape Fear Station (Book 1380, Page 707);
Single Family 4 Cape Fear Station (Book 1590, Page 304);
Single Family 5 and 7 Cape Fear Station (Book 1380, Page 714);
Single Family 6 Cape Fear Station (Book 1862, Page 1159);

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Single Family 8 Cape Fear Station (Book 1382, Page 241);
Single Family 9 Cape Fear Station (Book 1380, Page 721);
Single Family 10 Cape Fear Station (Book 1380, Page 1147);
Single Family 11 Cape Fear Station (Book 1381, Page 98);
Single Family 12 Cape Fear Station (Book 1604, Page 71);
Single Family 13 Cape Fear Station (Book 1602, Page 410);
Single Family 14 Cape Fear Station (Book 1435, Page 657);
Single Family 15 Cape Fear Station (Book 1476, Page 1123);
Single Family 16 – Shoals Watch Cape Fear Station (Book 1733, Page 763);
Single Family 17 Cape Fear Station (Book 1372, Page 269);
Single Family 18 Cape Fear Station (Book 1372, Page 263);
Single Family 21 Cape Fear Station (Book 1979, Page 1227);

The Crescent (Book 2180, Page 1195);

The Crescent Cape Fear Station Multi Family 2 (Book 2075, Page 1220);
The Grove (Book 1261, Page 257)

LESS AND EXCEPTING THE PROPERTIES COMPRISING FLORA'S BLUFF AND KILLEGRAY RIDGE.

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EXHIBIT C

References in the Stage Two Secondary Covenants to sections of the Stage Two Primary Covenants shall mean and refer to certain sections of this Declaration as follows:

1. References to the "Protective Covenants" shall mean and refer to this Declaration.
2. References to the "Association" shall mean and refer to Bald Head Association.
3. All capitalized terms set forth in the Stage Two Secondary Covenants shall have the same meaning as specified therein, and if not so specified, shall have the meaning set forth in this Declaration.
4. References to "Common Property" shall mean and refer to "Common Area" as described in Section 1.8 of this Declaration.
5. References to "Paragraph 3 of the Protective Covenants" shall refer to Section 10.5(a) of this Declaration.
6. References to "Paragraph 4 of the Protective Covenants" shall refer to Article 7 of this Declaration.
7. References to "Paragraph 5 of the Protective Covenants" shall refer to Article 7 of this Declaration.
8. References to "Paragraph 6 of the Protective Covenants" shall refer to Article 5 of this Declaration.
9. References to "Paragraph 8 of the Protective Covenants" shall refer to Section 7.8(a)(3) of this Declaration.
10. References to "Paragraph 12 of the Protective Covenants" shall refer to Section 13.1 of this Declaration.
11. References to "Paragraph 19 of the Protective Covenants" shall refer to Section 7.8(b)(1) of this Declaration.

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Briggs Exhibit 1

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EXHIBIT D
(APPLICABLE TO BRAEMAR SUBDIVISION ONLY)

All Lots within the Braemar Subdivision ("Braemar") depicted on the plat recorded in Map Cabinet Z, Page 386 in the office of the Register of Deeds of Brunswick County ("Plat") shall be subject to the following restrictions, which were previously set forth in the Stage Two Primary Covenants:

(A) The minimum square footage of heated, enclosed living space for each approved primary residential structure shall be 2000 square feet.

(B) No primary structure will be allowed to extend outward from any building plan shown on the Plat, and the construction of any improvement or structure extending outward from said building pad shall require approval of the Committee following an affirmative finding that said improvement or structure meets the standards contained in Article 7 and will not have a negative impact on adjoining Lots.

(C) Each Lot owner shall keep the grounds on his Lot and all structures located thereon in a clean, neat and sightly condition, and shall provide for the regular removal of all trash or refuse from the Lot.

(D) No animals, livestock or poultry of any kind shall be kept or maintained on any Lot except that no more than two (2) dogs or cats are allowed, and provided they are attended as required by the ordinances of the Village of Bald Head.

(E) In order to comply with the North Carolina Stormwater Regulations enacted by the Department of Environmental Management of the State of North Carolina, each Lot shall contain a maximum square footage covered by impervious surface (as defined by the Department of Environmental Management), which limitations are as set out as follows:

Maximum Impervious Area of 4,000 Square Feet: Lots 2251, 2253, 2255, 2257, 2259, 2261, 2263, 2265

Maximum Impervious Area of 4,500 Square Feet: Lots 2052, 2054, 2056, 2058, 2060, 2062, 2064, 2066

Impervious surfaces include structures, paved surfaces, walkways, patios of brick, stone, slate, and similar materials, and use of other materials that substantially negatively impact the ability of water to be assimilated into the soil. This provision is intended to insure continued compliance with stormwater runoff regulations and therefore this covenant may be enforced by the State of North Carolina. This provision runs with the land and is binding on all persons owning any Lot as shown on the Plat. No amendment of this provision shall be allowed unless consented to in writing by the State of North Carolina, Department of Environmental Management.

Docket No. A-41, Sub 21
Briggs Exhibit 1

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(F) The owners of Lots within Braemar shall be deeded by Declarant undivided interests in certain properties within Braemar, shown on the Plat, which shall be used by and made available only to those owners with an undivided interest therein. All owners with an undivided interest in such areas shall maintain such areas, and the improvements thereon, in a good, sightly and functional condition, with costs thereof, if any, being paid by said owners in properties to their undivided interests in such properties. Failure to do so shall permit the Association to take action and collect monies as allowed in Article 5 of this Declaration.

(G) Access to and from South Bald Head Wynd is limited to the area designated "Private Drive" on the Plat. Owners of Lots are prohibited from establishing driveways, walkways, or entrances of any kind along South Bald Head Wynd.

(H) No beach access or other structures, other than those constructed in designated access easements, shall be permitted south of the southernmost point of the designated building pad on each Lot.

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APR 21 11 11 AM '82
THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

280500

ARTICLES OF INCORPORATION

OF

BALD HEAD ASSOCIATION

In compliance with the requirements of the laws of the State of North Carolina, the undersigned, who is a resident of Wake County, North Carolina, and is of full age, has signed and acknowledged these Articles of Incorporation for the purpose of forming a non-profit corporation and does hereby certify:

ARTICLE I

NAME

The name of the corporation is Bald Head Association, hereinafter called the "Association".

ARTICLE II

DURATION

The Association shall exist perpetually.

ARTICLE III

REGISTERED OFFICE AND AGENT

The principal and initial registered office of the Association is located at 704 East Moore Street, Southport, Brunswick County, North Carolina 28461; and John A. Messick is the initial registered agent of the Association at that address.

ARTICLE IV

PURPOSE OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for beautification, maintenance, preservation, and architectural control of the exterior of the single family homes, multi-family units and non-residential areas, the residence lots, assessable properties and the common areas within those certain tracts of property described as:

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(a) Such property located on Smith (Bald Head) Island, Brunswick County, North Carolina as more fully described in Exhibit A attached hereto.

(b) Such additional lands on Smith (Bald Head) Island or in Brunswick County as may be annexed by Bald Head Island Corporation, a North Carolina corporation, its successors and assigns (hereinafter known as the "Declarant"), without the consent of members within fifteen (15) years after the date of this instrument.

(c) Such property as may be annexed at any time with the express consent of two-thirds (2/3) of the members of the Association;

and to promote the health, safety, and welfare of the residents within the above-described property and any additions thereto that hereafter may be brought within the jurisdiction of this Association for this purpose.

ARTICLE V

POWERS OF THE ASSOCIATION

The Association shall have the following general powers and any others impliedly arising therefrom, to be exercised in the manner provided and in conformity with applicable law, the Declaration hereinafter referred to, the Bylaws of the Association, and these Articles:

(a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, herein called the "Declaration", applicable to the property, and recorded or to be recorded in the Office of the Register of Deeds of Brunswick County, North Carolina, and as the same may be amended from time to time as herein provided, said Declaration being specifically incorporated herein by reference as if fully herein set out;

(b) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including, but specifically not limited to, licenses, taxes, and governmental charges levied or imposed against the property of the Association;

(c) To acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association, subject always to the provisions and requirements of the Declaration;

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(d) To borrow money, mortgage, pledge, deed in trust, or hypothecate its real or personal property as security for money borrowed or debts incurred, subject always to the provisions and limitations of the Declaration;

(e) To participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and common area subject always to the provisions and limitations set forth in the Declaration;

(f) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of North Carolina (Chapter 55A, North Carolina General Statutes) by law may now or hereafter exercise.

ARTICLE VI

MEMBERSHIP

The Declarant, for so long as it shall be an Owner, and every person or entity who is a record owner of a fee or undivided fee interest in any assessable property, including any lot, multi-family unit or site, parcel or non-residential area which is subject by covenants of record to assessments by the Association, including contract sellers, but excluding persons who hold an interest merely as security for the performance of an obligation, shall be a member of the Association. Ownership of such interest shall be the sole, qualification for membership (other than Declarant); no owner shall have more than one membership per assessable property owned and there shall be only one vote for each assessable property, unit, lot or area. Membership shall be appurtenant to and may not be separated from ownership of any assessable property (including any lot, Unit or parcel) which is subject to assessment. The Board of Directors may make reasonable rules relating to the proof of ownership of such assessable property, lot, unit or area.

ARTICLE VII

VOTING RIGHTS

Section 1. Classes of Membership. The Association shall have one class of voting membership:

Members shall be entitled to one vote for each assessable property, lot, unit or area in which they hold the interest required for membership by Article VI. When more than one person holds such interest in

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any assessable property, lot, unit or area, all such persons shall be members. The vote for such assessable property, lot, unit or area shall be exercised as the owners thereof determine, but in no event shall more than one vote be cast with respect to such property and no fractional vote may be cast with respect to any such property.

Section 2. Suspension of Voting Rights. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and for any period during which any assessment against the lot of a member remains unpaid.

ARTICLE VIII

BOARD OF DIRECTORS

Section 1. Number; Initial Board. The affairs of the Association shall be managed by a Board of not fewer than three (3) nor more than six (6) Directors, who need not be members of the Association. The number of Directors required by the Bylaws of the Association may be changed by amendment thereof. The initial Board shall consist of five (5) Directors and the names and addresses of the persons who are to act in the capacity of and constitute the initial Board of Directors until the selection and qualification of their successors are:

Name	Address
James E. Harrington	114 Overview Road, Cary, NC 27511
John A. Messick	704 East Moore St., Southport NC 28461
George F. Freeman	P. O. Box 2103, High Point, NC 27261 2060 Brentwood, High Point NC 27261
Thad B. Wester	103 West 27th St., Lumberton, NC 28358
P. A. Thomas	1206 Lancaster Place, High Point, NC 27262

Section 2. Election; Term. At or within ten (10) days after the first annual meeting, the members shall elect the number of Directors required by the Bylaws. The term of Directors thereafter elected shall be as provided in the Bylaws. All directors shall serve until their successors have been duly elected and qualified.

Section 3. The method of election of Directors after the first election held pursuant to Section 2 shall be as provided in the Bylaws.

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ARTICLE IX

MERGERS AND CONSOLIDATIONS

To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes; provided, no merger or consolidation may be effectuated unless two-thirds (2/3) of all the votes entitled to be cast by each class of membership are cast in favor of merger or consolidation at an election held for such purpose.

ARTICLE X

DISSOLUTION OR INSOLVENCY

Section 1. Voluntary Dissolution. The Association may be dissolved with the assent given in writing and signed by members having not less than two-thirds (2/3) of the votes of the membership.

Section 2. Election of Successor. Upon dissolution or insolvency of the Association, the members may elect to:

(a) form a non-profit corporation and transfer and assign to such corporation the property of the Association for beautification, maintenance, and preservation of lots, yards, and common areas within the properties, with power to assess the owners for such purposes; or

(b) transfer, assign, and convey the property of the Association to any non-profit corporation, association, trust, or other organization which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the common area was required to be devoted by the Association.

Section 3. Transfer of Assets. The Association shall have no capital stock, and in the event of dissolution, no member, Director, or officer of the Association, and no private individual, shall be entitled to share in the distribution of the assets of the Association. If any assets shall remain after satisfaction of its just debts, the Association shall grant, convey, and assign such assets to any entity or entities that have accepted and undertaken the care and management of the common area or portions thereof. In the event that more than one entity has undertaken such care and management, the Association may distribute the assets among such entities in a manner which the Association, in its discretion, deems fair and equitable.

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ARTICLE XI

AMENDMENTS

Section 1. Amendment by Membership. Except as herein provided, any amendment of these Articles shall require the assent of members or proxies entitled to cast seventy-five percent (75%) of the entire vote of the membership.

Section 2. Amendment of Declaration Without Approval of Owners. The Declarant, without the consent or approval of any other owner, shall have the right to amend these Articles to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any lots and improvements thereon for mortgage or improvement loans made or insured by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public healty, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U. S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

No amendment made pursuant to this Section shall be effective until duly recorded in the Secretary of State's Office and the Office of the Register of Deeds of Brunswick County.

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ARTICLE XII

INCORPORATOR

The name and address of the incorporator is as follows: Charles L. Hinton, III, 1155 Kildaire Farm Road, Post Office Box 550, Cary, Wake County, North Carolina 27511.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, the undersigned, as incorporator, has executed these Articles of Incorporation, this the 29th day of January, 1982.

Charles L. Hinton, III (SEAL)

North Carolina
Wake County

I, Elizabeth H. Machen, a Notary Public, do hereby certify that Charles L. Hinton, III, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

This the 29th day of January, 1982.

Elizabeth H. Machen
Notary Public

My commission expires: 7/24/85

ELIZABETH H. MACHEN NOTARY PUBLIC WAKE COUNTY, N.C.

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EXHIBIT A

Being all of the tracts or parcels located on Bald Head Island, Smithville Township, Brunswick County, North Carolina as follows:

A. Stage I, as shown on the following recorded maps:

Map Book 12, Pages 1-11, 14-17, 36, 37 and 39
Map Cabinet J, Pages 178-184 and 319
Map Cabinet I, Page 373
Map Cabinet L, Page 195
Map Cabinet M, Pages 84, 85 and 86

Bald Head Inn tract as described in Deed of Trust recorded in Book 288, Page 470, as amended by Modification Agreement recorded in Book 342, Page 129, both of Brunswick County Registry.

B. A 4.944 acre parcel conveyed to Robin Hayes by Deed dated August 12, 1977, recorded in Book 379, Page 583, Brunswick County Registry.

C. Middle Island and 2,000 feet of ocean frontage adjacent thereto conveyed to Young Realty Company by Deed recorded in Book 399, Page 448, Brunswick County Registry.

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Date Filed: 1/2/2018 9:51:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C2018 002 00034

Docket No. A-41, Sub 24
Briggs Exhibit 2

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State of North Carolina
Department of the Secretary of State

ARTICLES OF AMENDMENT
NONPROFIT CORPORATION

Pursuant to §55A-10-05 of the General Statutes of North Carolina, the undersigned corporation hereby submits the following Articles of Amendment for the purpose of amending its Articles of Incorporation.

1. The name of the corporation is: Bald Head Association

2. The text of each amendment adopted is as follows (*state below or attach*):
See Exhibit A attached hereto and incorporated herein by reference.

3. The date of adoption of each amendment was as follows: March 29, 2017, upon the resumption of the adjourned January 28, 2017 annual meeting of the membership, to take effect upon the merger of Bald Head Stage Two Association, Inc. into Bald Head Association as evidenced by the filing of Articles of Merger.

4. (*Check a, b, and/or c, as applicable*)

a. ☐ The amendment(s) was (were) approved by a sufficient vote of the board of directors or incorporators, and member approval was not required because (*set forth a brief explanation of why member approval was not required*)

b. ☑ The amendment(s) was (were) approved by the members as required by Chapter 55A.

c. ☐ Approval of the amendment(s) by some person or persons other than the members, the board, or the incorporators was required pursuant to N.C.G.S. §55A-10-30, and such approval was obtained.

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5. These articles will be effective upon filing, unless a date and/or time is specified:_____

This the 21st day of December, 2017.

Bald Head Association
Name of Corporation

Judith Porter
Signature

Judith Porter, President
Type or Print Name and Title

Notes:
1. Filing fee is $25. This document and one exact or conformed copy of these articles must be filed with the Secretary of State.

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EXHIBIT A

Article IV is hereby amended in its entirety as follows:

ARTICLE IV

PURPOSE OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for beautification, maintenance, preservation, and architectural control of the exterior of the single family homes, multi-family units and non-residential areas, the residence lots, assessable properties and the common areas within those certain tracts of property described as:

(a) Such property which now is or which in the future becomes subject to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Association recorded in Book 1359, Page 1 of the Brunswick County Registry, as amended, and as the same may from time to time be amended in the future;

(b) Such property which, as of January 28, 2017, is subject to the Protective Covenants for Bald Head Island Stage Two recorded in Book 1045, Page 676, Brunswick County Registry, as the same has been amended and corrected; and

(c) Such property as may be annexed by approval of the Board pursuant to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bald Head Association recorded in Book 1359, Page 1 of the Brunswick County Registry, as amended, and as the same may be from time to time amended;

and to promote the health, safety, and welfare of the residents within the above-described property and any additions thereto that hereafter may be brought within the jurisdiction of this Association for this purpose.

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From: Bald Head Association <pam@baldheadassociation.com>
Date: August 15, 2022 at 4:03:15 PM EDT
To: [redacted]
Subject: BHI - BHA Survey: Ferry/Transportation System — 8/15/22
Reply-To: pam@baldheadassociation.com

Bald Head Association
Monday, August 15, 2022

Update on the Lawsuit by the Village of BHI Regarding the Parking Lot and Barge

Bald Head Association (BHA) is seeking BHI property owners' opinions. Please answer just two questions, in addition to any comments you would like to include, by Tuesday, August 23, by clicking on the survey link below the following information.

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On February 16, 2022, the Village of Bald Head Island filed a lawsuit against Bald Head Island Limited with the North Carolina Utilities Commission (NCUC) asking the NCUC to exercise regulatory authority over the parking lot and the barge and, therefore, regulate the fares that could be charged to park at the ferry landing or to use the barge.

Since the BHI Ferry System began, the fares for the ferry and tram have been regulated by the NCUC. The fares for the parking lot and the barge have not been regulated by the NCUC.

The Village wants to change that so the NCUC will hereafter exercise jurisdiction over the parking lot and barge so the NCUC will then regulate the rates.

This matter is set for hearing before the NCUC on October 10, 2022.

We have kept you up to date on all the relevant filings with the NCUC regarding this matter.

We, the BHA, have intervened in this proceeding in order to be able to speak on behalf of the BHA, if we conclude it becomes appropriate for us to do so.

It would assist us to know your views on this matter.

We have identified some possible advantages for regulation of the parking and barge and some possible disadvantages. As the facts are complicated and reasonable people can differ on what is the better result, people can differ on the advantages and disadvantages.

By listing possible advantages and disadvantages, we do not mean to suggest our views on what we think or suggest. We only want to list some obvious points and get you thinking about this so we can elicit your thoughts and views.

Do not ascribe any significance to the fact that our explanation of the the possible disadvantages is longer than the possible advantages. Some explanations just take more words. Nothing more should be inferred.

Possible Advantages and Disadvantages of Public Regulation of the Parking and the Barge

Possible Advantages:

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1. There would be some level of assurance that the rates that are charged by the owner of the parking lot and/or barge will be reasonable and limited to cost recovery and a reasonable profit.

2. The process for increasing rates would be open, public, transparent and predictable.

3. The home and lot owners would have the ability to participate in the rate-changing process.

4. The NCUC rate-setting process is quite complex. There is a possibility that if regulated, the permitted returns and asset valuations would be such that the existing fees could actually be lowered from what they are today.

Possible Disadvantages:

1. Since the beginning of the ferry and tram for BHI, the parking lot and the barge have been owned and operated by a private business, BHI Limited. The rates have been reasonable. SharpVue, also a private business, indicated it would carry on service substantially as it has been and only increase rates consistent with inflation. All appears to be set up for an orderly and reasonable ownership transfer from BHI Limited to SharpVue.

Public regulation of the parking lot and the barge could change things significantly. For example, the NCUC might disallow the dedicated premium parking lot and require so-called first-come, first-served parking. In addition, the return criteria and asset valuations could possibly be set at a level so low that we could possibly lose SharpVue as the buyer.

2. If the Village were ultimately to buy the Ferry Transportation System, as it wants to do, we, the real property owners on Bald Head Island, will have personal liability for increased real estate taxes to pay any losses suffered by or needed by the Village in operating the Transportation System.

In addition, if the Village buys the Ferry Transportation System with the General Obligation Bonds as it intends to do, you will only be able to sell your lot and/or your home during the 30-year life of the bond to a buyer who is also willing to assume that risk.

If SharpVue buys it, the real property owners have no risk of increased real property taxes based on the Ferry Transportation System and no personal liability for any losses incurred by the Ferry Transportation System.

3. If the system becomes regulated at a level that SharpVue is willing to accept, the cost of administrative compliance for a regulated company is high. There is much

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legal, administrative detail and compliance cost just to meet the regulatory demands. That cost will ultimately be passed on to the consumer in either increased fares or lesser service.

4. Regulated returns might be set at a low level and provide a disincentive for SharpVue to spend additional capital to upgrade the ferry system.

These are just a few of the possible advantages and disadvantages of regulation of the parking lot and the barge.

SURVEY LINK

At this time, we would like you to answer just two questions, in addition to any comments you would like to include, **by Tuesday, August 23**. All responses are anonymous. Click **HERE** for the survey.

Thank you very much.
The BHA Board of Directors
Alan Briggs, President
John Kinney, Vice President
Robert Drumheller, Secretary/Treasurer
Jennifer Lucas
Tiffany Williams
Joe Brawner

BHA News

Don't miss!

August 2022 Island Report flipbook version

August 2022 Island Report PDF version

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News

Don't forget to periodically check BHA's News page for new posts! **Click the button below.**

Click HERE for BHA's News Web Page

Bald Head Association ~ YOUR property owners' association

BHA Quick Links:

2022 Meeting Schedule ARC Section A

2022 Meeting Schedule ARC Section B

2022 ARC Review Fees

BHA Committee Rosters, Bylaws Charges and Goals

Monthly BHA Board Meetings

BHA's Board of Directors invites property owners and others to view its monthly public meetings remotely via Zoom. Board meetings are typically held the second Friday of each month beginning at 11:00am EDT. Agendas, approved minutes of previous meetings and a link to the current monthly Zoom meeting can be found on the meeting information web page. Click on the link below to learn more.

The next regular BHA Board meeting public session will be Friday, September 9, 2022, at 11:00am.

Click here to view BHA Board meeting information

BHI Website Links

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Bald Head Association | BHI Club | BHI Conservancy

Village of BHI | Shoals Club | Old Baldy Foundation

BHI Ferry | Maritime Market | Village Chapel

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Contact Us

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111 Lighthouse Wynd
PO Box 3030
Bald Head Island, NC 28461
910-457-4676
info@BaldHeadAssociation.com
BaldHeadAssociation.com

Like us! Share with others!

Share | Tweet | Share

Share this link with someone not yet signed up for BHA's E-blast

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2022 Bald Head Association Member Opinion Survey

August 2022

On Wednesday, August 17, 2022, Bald Head Association (BHA) sent an email to Bald Head Island property owner members who have subscribed to its *Compass* email bulletin requesting that members share their opinions on whether the parking and barge operations should be regulated by the NC Utilities Commission. Property owners were offered an opportunity to share additional comments related to the survey as they so desired.

The original email and a follow up email sent on August 23, 2022, were sent to 1,546 subscribers of BHA's *Compass*. (Not all BHI's nearly 2,000 property owners have subscribed to BHA's email list.) The email included a link to the survey (attached), a brief description of the survey's purpose and a list of the advantages and disadvantages for regulating the parking and barge (attached). The survey's data was collected utilizing the online survey tool Survey Monkey.

BHI property owners were given 6 days to complete the survey. In total, 533 property owners completed the survey – a return rate of 34.5%. Two property owners requested that their opinion that was originally registered as "not enough information" be changed to "yes." Seven non-property owners completed the survey, but their responses were not included in the analysis.

In total, of the 533 property owner responses, 381 support regulation of the parking/barge (71.5%), 83 do not support regulation of the parking/barge (15.6%), 15 don't have an opinion at this time (2.8%) and 54 don't have enough information at this time to form an opinion (10%). There were 188 comments offered by respondents. Names of individuals and any other personally identifiable information is redacted from the comments.

BHA requested verification of membership by a simple "yes" or "no" response. There were several instances where responses were sent from the same IP addresses. Those addresses are highlighted in the attached summary of the responses. Since many of those responses to the open-ended question were different, one might suppose that multiple owners within those households offered their varying opinions. Keep in mind that this opinion survey was designed to collect members' individual opinions and not individual votes tied to particular properties.

Of the seven responses from non-property owners, 3 supported regulation of the parking/barge, 2 do not support regulation of the parking/barge and 2 stated they did not have enough information at this time to form an opinion. Again, because the survey was intended to solicit BHA's members' opinions, those responses were not included in the analysis of the results.

It is important to note that this survey is a sampling of how a portion of BHI property owners feel about this specific issue within a certain time period. Regardless of whether the survey contains a statistically significant sample size, the survey's open-ended questions provide valuable information for BHA and others to understand the opinions of many of BHI's property owners.

Docket No. A-41, Sub 21
Briggs Exhibit 4
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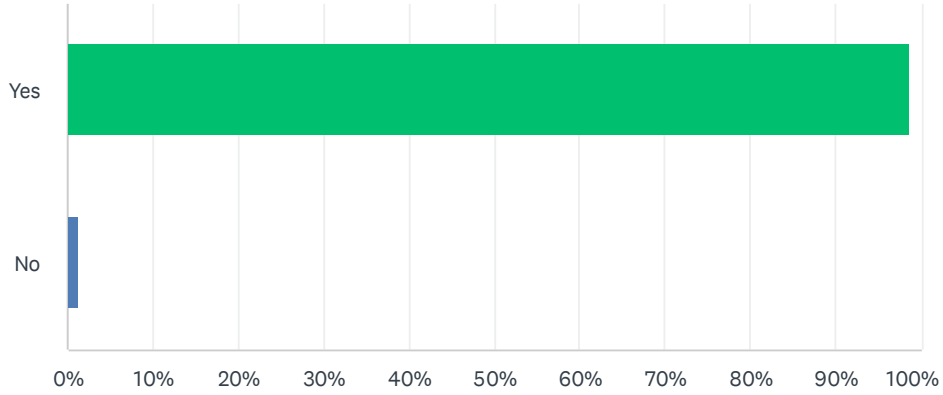
Q1 Are you a Bald Head Island property owner?

Answered: 540 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	98.70%	533
No	1.30%	7
TOTAL		540

Docket No. A-41, Sub 21
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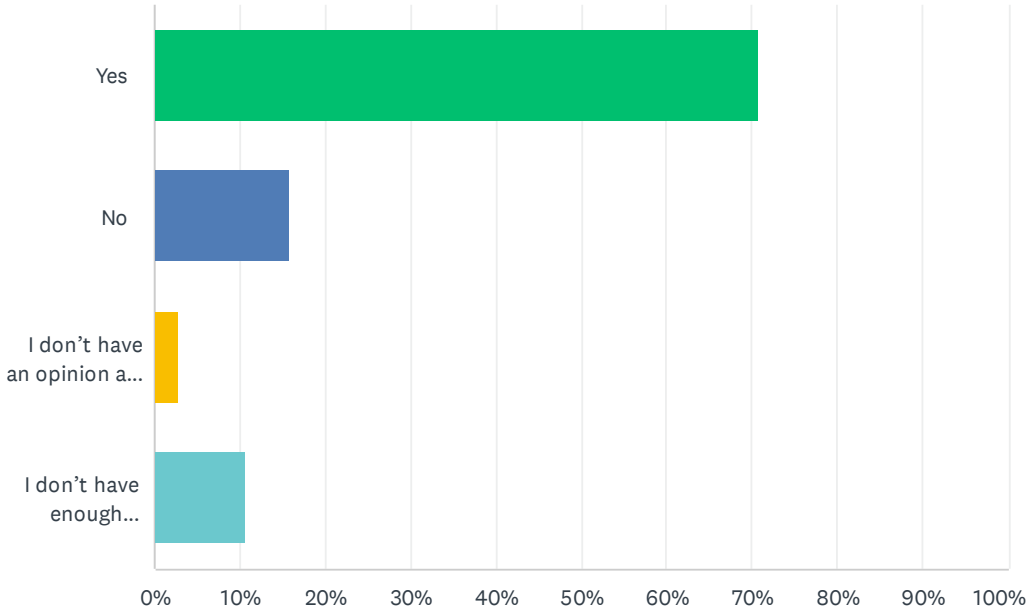
Q2 Do you want the North Carolina Utilities Commission (NCUC) to regulate the fares for the parking lot and the barge?

Answered: 533 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	71.5%	381
No	15.6%	83
I don't have an opinion at this time	2.8%	15
I don't have enough information at this time to form an opinion	10.1%	54
TOTAL		533

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End Date	Are you a Bald Head Island property owner?	Do you want the North Carolina Utilities Commission (NCUC) to regulate the fares for the parking lot and the barge?	Please provide any additional thoughts, questions, suggestions or ideas you have about this lawsuit by the Village that you think might be helpful to us in representing BHA in this case:
	Response	Response	Open-Ended Response
2022-08-17 09:12:26	Yes	Yes	
2022-08-16 11:36:09	Yes	No	
2022-08-18 17:24:32	Yes	Yes	There is no a lawsuit! The Association should pay more attention to the details and get the facts correct.
2022-08-15 19:23:07	Yes	No	The village should buy or regulate the barge landing area on the island such that it is open to any barge, etc. that pays to load or onload at the site. The best control of costs is competition. If the barge costs get excessive, competitors will quickly appear.
2022-08-15 16:23:20	Yes	Yes	There is no a lawsuit! The Association should pay more attention to the details and get the facts correct.
2022-08-16 09:58:15	Yes	Yes	I am concerned that a private investment firm who states that they do not intend to run the ferry system will not be responsive to regulatory questions. I see no alternative but to ask for NCUC to regulate.
2022-08-17 15:00:21	Yes	Yes	A new private owner could increase the price beyond what is reasonable without any viable recourse.
2022-08-15 16:15:09	Yes	Yes	
2022-08-23 19:38:31	Yes	No	
2022-08-15 18:05:54	Yes	Yes	
2022-08-15 19:06:01	Yes	I don’t have enough information at this time to form an opinion	What ever makes the most sense for the long term. There isn’t but so much more land to build upon so whatever the math works out to that level of ownership- the best answer

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2022-08-15 17:34:45	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 19:07:53	Yes	Yes	
2022-08-16 17:01:44	Yes	Yes	
2022-08-16 20:05:29	Yes	Yes	
2022-08-17 21:08:05	Yes	Yes	
2022-08-17 10:23:13	Yes	Yes	
2022-08-18 06:10:27	Yes	Yes	
2022-08-15 18:20:37	Yes	No	
2022-08-16 13:24:37	Yes	Yes	
2022-08-15 16:45:09	Yes	I don't have enough information at this time to form an opinion	
2022-08-23 10:25:25	Yes	Yes	
2022-08-23 16:07:04	Yes	No	
2022-08-15 22:06:53	Yes	Yes	
2022-08-23 09:56:11	Yes	I don't have enough information at this time to form an opinion	I oppose the village's attempt to e ferry system and related assets. I am not convinced the village is capable of efficiently managing and running the system.
2022-08-15 21:05:54	Yes	I don't have enough information at this time to form an opinion	

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2022-08-16 13:15:07	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 13:10:11	Yes	No	It seems the lawsuit is an attempt to stop the purchase as Sharpvue may lose any incentives to improve the System if barge and parking fares are regulated to a point that capital improvements are nominal.
2022-08-15 16:59:02	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 17:07:43	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 13:43:29	Yes	Yes	
2022-08-16 08:56:12	Yes	Yes	
2022-08-16 12:26:28	Yes	No	
2022-08-17 12:56:05	Yes	I don't have enough information at this time to form an opinion	
2022-08-23 10:04:56	Yes	Yes	My concern is a private owner will increase costs for profitability purposes, and since property owners/visitors have no alternative to the private owner they will be forced to pay the higher costs. The NCUC can protect property owner/visitors from the monopoly power of the private owner to keep costs fair and reasonable.
2022-08-16 19:08:45	Yes	Yes	

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2022-08-15 16:50:33	Yes	I don't have enough information at this time to form an opinion	
2022-08-17 10:00:30	Yes	Yes	
2022-08-23 11:17:20	Yes	Yes	
2022-08-15 18:30:51	Yes	Yes	
2022-08-16 13:33:54	Yes	No	I am not persuaded by Mayor Quinn's explanation of his and Council's opinion on this matter. When I attended the informational meeting arranged by HOA I found responses by Limited's and SharpVu's representatives much more forthcoming and comprehensive than Mayor Quinn's. Mayor Quinn seemed unwilling or unable to answer even the simplest question about "the Village's" position. Because of this I feel none of their efforts are trustworthy. No one can predict for sure what the outcome will be but I feel it is more likely to be favorable if SharpVu is successful in its purchase and is allowed the opportunity to show us that their presentation of their intended business model is accurate and will result in a smoother transportation operation for island tax payers and other users of the system.
2022-08-23 10:42:48	Yes	Yes	
2022-08-23 11:18:43	Yes	Yes	
2022-08-17 13:10:55	Yes	Yes	
2022-08-16 12:31:11	Yes	Yes	
2022-08-16 12:41:06	Yes	Yes	
2022-08-16 08:32:35	Yes	Yes	
2022-08-17 12:03:04	Yes	Yes	
2022-08-16 12:22:01	Yes	Yes	
2022-08-16 15:30:36	Yes	I don't have an opinion at this time	Rescind the current offer to purchase and sell to the Transportation Authority.
2022-08-17 20:35:45	Yes	Yes	
2022-08-17 15:48:52	Yes	Yes	The ferry and its appurtenances — which include the parking lot and the barge — should be viewed as part of the overall transportation system of the state as well as the Island. To that extent, all should fall within the purview of the NCUC. Thanks to the BHA Board and dedicated staff for soliciting members' views on this matter.
2022-08-17 12:32:02	Yes	Yes	Allow NCUC to regulate rates. Consider two tier pricing for the ferry of owners vs. renters or visitors.

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2022-08-15 16:16:18	Yes	Yes	
2022-08-15 17:08:18	Yes	I don't have an opinion at this time	
2022-08-23 13:50:13	Yes	Yes	Support the Village!
2022-08-15 17:53:34	Yes	Yes	
2022-08-15 19:37:32	Yes	Yes	
2022-08-16 09:35:43	Yes	Yes	
2022-08-16 05:51:31	Yes	Yes	
2022-08-23 13:21:43	Yes	Yes	
2022-08-16 16:05:47	Yes	Yes	
2022-08-17 17:48:35	Yes	Yes	
2022-08-16 13:39:49	Yes	I don't have enough information at this time to form an opinion	
2022-08-17 12:25:15	Yes	Yes	We have no guarantees on how long the SharpVue will own the system before selling it to another group. We could get rate increases every time it changes ownership. The cost is high now for the home owners. We should be getting a lower costs for transportation to the island than visiting people. All of this commotion makes many homeowners nervous about the long term solutions. Not everyone is a multi-millionaire on BHI. Some of us have saved for years to buy our homes on BHI. My family enjoys BHI very much. It is a beautiful, quiet, pet friendly place to truly unwind. We hope that the NCUC will regulate the costs for anyone who SharpVue sells the system to in the future.
2022-08-16 12:03:04	Yes	Yes	
2022-08-17 20:57:09	Yes	I don't have enough information at this time to form an opinion	Don't agree with the lawsuit
2022-08-17 17:01:01	Yes	I don't have an opinion at this time	

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2022-08-16 12:01:21	Yes	Yes	
2022-08-23 10:50:12	Yes	Yes	I have not been happy with service since this sale. Would appreciate more reliability/consistency associated with ferry service. Considering sale of property.
2022-08-23 10:58:39	Yes	I don't have an opinion at this time	I have paid very close attention to this issue, attended meetings, listened to calls, etc and I do not know how to vote on this!! I am clearly very interested in Deep Point's operations and parking costs staying fair and balanced. But I have heard compelling arguments from both sides for and against NCUC oversight. The last thing I want to do is anything to negatively impact the sale of the ferry system - the village's ignorant and bull-headed efforts to purchase the system have poorly impacted each and every homeowner and business owner on the island and we need to get this next-best deal done and get on with our lives. The BHA must do all it can to
2022-08-20 10:14:25	Yes	Yes	I appreciate the list of advantages and disadvantages for all oversight aspects of the transportation system. Most important to us, however, is the protection of our BHI property. Without that transportation, access to the island and our home is severely limited. Yet... to high a price structure - or restrictions to park at the Deep Creek site - are "threats" to our community as well. Taking all of that into consideration, we feel most protected by a State regulated oversight authority, compared to the unregulated profit motives of a for-profit company.
2022-08-16 10:06:56	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 16:23:51	Yes	Yes	
2022-08-17 18:58:57	Yes	Yes	
2022-08-23 13:55:33	Yes	No	
2022-08-16 11:59:59	Yes	Yes	
2022-08-23 09:57:33	Yes	I don't have enough information at this time to form an opinion	I believe I understand why the Village has filed a request to protect the parking and barge - legally combining these two parts with the ferries ... I also feel that being able to sell one portion of this equation without the others could be quite detrimental to this island. Furthermore, I feel that the lack of consistent facts on this potential sale (use of NDAs, suggested pros and cons that are hypothetical, etc) has been disappointing.
2022-08-16 16:32:41	Yes	No	
2022-08-23 16:10:00	Yes	Yes	
2022-08-16 14:54:36	Yes	Yes	

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2022-08-15 17:34:39	Yes	Yes	
2022-08-16 12:34:49	Yes	No	
2022-08-17 00:12:21	Yes	No	The Village of BH has done a very poor job of running existing smaller utility departments. Their intervention in this process has caused many of the existing problems. The BHITA was a much better alternative to the current situation. In no way would I support current Village Government owning or running the Ferry, Barge and Parking systems.
2022-08-16 07:59:34	Yes	Yes	
2022-08-23 09:47:34	Yes	Yes	
2022-08-23 10:25:27	Yes	Yes	Since the death of George Mitchell and the virtual abandonment of the properties on Bald Head Island, the ferry has been poorly, the terminal has been inadequately maintained. The bathrooms have been a mess. The trims have been allowed to run with broken mufflers, allowing exhaust to infiltrate the Cabins behind where passengers sit. Clearly, more regulation is needed and not less.
2022-08-15 19:10:14	Yes	Yes	
2022-08-15 21:48:54	Yes	Yes	
2022-08-16 12:06:15	Yes	Yes	
2022-08-15 16:29:36	Yes	Yes	Since the transportation system (ferry, tram, barge and parking) are so integral to the access of the island, and therefore the island economy, the island owners, visitors and workers should accept a fair cost of traveling to and from the island. I believe the best way to ensure the costs remain fair is to be regulated by an independent body. The NCUC is in the best position to oversee the fare structure.
2022-08-17 01:36:37	Yes	Yes	
2022-08-16 12:09:06	Yes	Yes	
2022-08-17 20:54:46	Yes	Yes	I will separately send communication to BHA.
2022-08-16 11:35:12	Yes	Yes	As a homeowner, I do not want the premium parking to stop. I pay for the advantage of parking close and knowing I will have a parking spot. If this goes to "first come, first serve" who is to say the realtors will not buy many spots to offer to their clients? Do we want to offer more benefits to renters than homeowners?
2022-08-16 16:11:01	Yes	Yes	
2022-08-17 23:29:23	Yes	Yes	
2022-08-23 10:41:47	Yes	No	
2022-08-23 19:03:15	Yes	Yes	
2022-08-16 12:24:09	Yes	Yes	This has worked well in the past so let’s continue
2022-08-15 19:44:03	Yes	Yes	
2022-08-23 12:04:20	Yes	Yes	

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2022-08-15 17:42:34	Yes	Yes	I believe that the transportation system should be part of the Village (similar to other Village departments). However, since the transportation system has been sold to a third party, I believe that both the BHA and the Village should work with the new owners, representing their various stakeholder interests.
2022-08-15 17:23:16	Yes	Yes	
2022-08-15 17:22:12	Yes	Yes	
2022-08-23 12:33:47	Yes	Yes	
2022-08-23 18:33:09	Yes	Yes	It's not a lawsuit and BHA's positioning on this matter is slanted and biased.
2022-08-16 16:39:10	Yes	Yes	
2022-08-17 13:33:36	Yes	Yes	
2022-08-18 15:54:51	Yes	Yes	my concern is Sharp Vu pulling out of the current contract.
2022-08-16 06:51:29	Yes	No	I would prefer the village stay out of ferry operations, a transportation authority remains the most reasonable choice
2022-08-15 16:49:41	Yes	No	Cost to the property owners and time it will take do nothing but delay further moving forward with any improvements in the system. We are already approximately 2 years behind where we could have been if the BHITA had purchased the system as planned.
2022-08-23 10:36:21	Yes	Yes	
2022-08-19 15:42:17	Yes	Yes	
2022-08-16 15:06:54	Yes	Yes	
2022-08-16 12:00:47	Yes	Yes	
2022-08-17 14:46:55	Yes	I don’t have an opinion at this time	
2022-08-15 19:12:24	Yes	Yes	
2022-08-16 06:52:40	Yes	Yes	
2022-08-16 10:46:20	Yes	Yes	
2022-08-15 16:15:49	Yes	Yes	
2022-08-23 09:59:06	Yes	Yes	
2022-08-23 19:01:29	Yes	Yes	
2022-08-17 21:40:26	Yes	Yes	The fact that BHA continues to call this a “lawsuit” is absolutely appalling to me. The action of the Village is not a lawsuit, so I would greatly appreciate if BHA would refer to the situation using the correct terminology to avoid creating confusion among the home owners.
2022-08-15 16:38:37	Yes	Yes	I think that the information you have provided is misleading and confusing. You should try to do better.
2022-08-17 13:24:50	Yes	No	Please tell the Village to stop meddling - the. BHITA was the best solution

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2022-08-17 13:05:17	Yes	Yes	
2022-08-15 17:19:25	Yes	No	I favor small government and a free market economy.
2022-08-16 14:57:42	Yes	No	My wife and I have owned an unimproved lot on Bald Head since 1996. We love to visit the island at least once a year and have been doing so since we purchased our property. As far as this Ferry/Parking lot/Barge nonsense is concerned, we of course, side with the BHA's position regarding this matter. However, we strongly believe that the number one enemy of the future of our beloved island paradise is the ridiculous wind farm that is planned off of the coast of Bald Head. We have been all over the German countryside and have witnessed countless wind turbines in various states of disrepair and failure, with many fallen over with parts strown about the countryside. Our beautiful beaches, not just on Bald Head, but other parts of the NC coastline, will suffer the consquences. The beautiful night sky that we, as well as tourists, love to marvel at, will be blotted out by the FAA mandated aviation anti-collision lighting and nautical anti-collision lighting. In our opinion, allowing a wind turbine farm to be constructed near a major shipping channel and in the middle of an area of the ocean frequently struck by destructive hurricanes, is ignorant and stupid at best. We feel that this wind farm idea is the single largest threat to Bald Head and the rest of our beautiful coast here in the great state of North Carolina. This ferry/parking lot/barge mess is of minor consequence in our opinion. But we do support the BHA's position on the subject at hand. We just feel that the wind farm project is of extreme importance compared to anything else concerning the future of Bald Head Island.
2022-08-16 20:46:31	Yes	Yes	
2022-08-17 18:37:28	Yes	Yes	
2022-08-17 22:40:22	Yes	Yes	
2022-08-16 13:45:55	Yes	Yes	SharpVue is a third party that does not have a vested interest in the island as Limited once did. While I am generally believe in minimal regulation, in this context some degree of regulation consistent with that of the ferry is a greater protection than risk posed by an unregulated system.
2022-08-16 08:57:17	Yes	Yes	
2022-08-15 21:05:33	Yes	Yes	
2022-08-15 16:09:56	Yes	Yes	
2022-08-15 18:25:55	Yes	Yes	
2022-08-17 20:15:14	Yes	Yes	
2022-08-17 18:51:49	Yes	Yes	
2022-08-17 15:13:12	Yes	Yes	
2022-08-17 18:36:40	Yes	Yes	

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2022-08-23 11:23:43	Yes	Yes	I wish the BHA did a more thorough job of researching this issue before sending out its survey or tried to appear somewhat unbiased on the issue. You are doing a great disservice to the BHI residents by distributing incomplete/inaccurate information. I expect better from my elected representatives. You are losing any credibility you have with informed residents.
2022-08-18 10:13:37	Yes	Yes	Please be more thorough and unbiased in your communications to Association members. The memo from the Mayor explains more in-depthly exactly what is in front of the NCUC
2022-08-15 16:53:43	Yes	I don't have enough information at this time to form an opinion	
2022-08-23 10:30:25	Yes	Yes	
2022-08-15 16:19:57	Yes	Yes	
2022-08-18 13:23:33	Yes	Yes	
2022-08-16 16:43:57	Yes	Yes	
2022-08-17 18:53:47	Yes	Yes	
2022-08-16 07:12:24	Yes	Yes	
2022-08-15 17:09:22	Yes	Yes	Sharpvue has zero vested interest in the common welfare of BHI. They are a completely outside venture capital group. Venture capital groups have, but one interest profit. It is imperative that there is complete regulation of their ownership. It is ludicrously naive to think that they will do the best for the island if given their own druthers.
2022-08-16 11:55:47	Yes	Yes	
2022-08-15 16:18:45	Yes	Yes	
2022-08-15 23:25:43	Yes	Yes	
2022-08-17 20:06:06	Yes	Yes	It's not a lawsuit. You are misrepresenting facts. Every homeowner at bhi has likely owned property in a city with GO bonds. You all are over selling the "personal liability" regarding the property taxes. Seems very biased.
2022-08-15 23:14:58	Yes	Yes	
2022-08-23 13:20:56	Yes	No	
2022-08-15 19:50:08	Yes	Yes	The Ferry transportation as well as the barge and parking, are all critical to the long term success and ultimate viability of the island. That is why it is critical that the NCUC must regulate the fares for the barge and parking lot just as they do with the ferry.
2022-08-23 09:45:59	Yes	Yes	The Ferry and it's parking are a monopoly with critical basic public transport and safety so should be regulated . The Commission should have the appropriate authority to regulate this.

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2022-08-18 07:42:37	Yes	Yes	
2022-08-15 20:41:25	Yes	Yes	
2022-08-15 16:26:29	Yes	Yes	Regulation is essential to ensure that outside investors do not see these assets as an opportunity to gouge the residents, visitors and workers of BHI.
2022-08-15 19:33:46	Yes	Yes	
2022-08-18 14:32:13	Yes	No	The village is wasting tax payer money with this lawsuit and does not represent the majority opinion of BHI homeowners (the ones who are informed about the issue at least).
2022-08-15 22:15:50	Yes	Yes	
2022-08-16 13:52:13	Yes	Yes	
2022-08-23 11:26:29	Yes	Yes	
2022-08-23 09:46:24	Yes	I don't have enough information at this time to form an opinion	We are not sure of the priorities of the new owners with regards to reasonable profits verses the needs of the frequent users.
2022-08-23 10:49:07	Yes	Yes	
2022-08-16 12:16:07	Yes	Yes	
2022-08-16 12:28:58	Yes	I don't have enough information at this time to form an opinion	Privatization may have its advantages if there is adequate input from the people who are served. The balance of efficiency,administrative costs versus profit is difficult. Each sides aims and business models would allow one to make a clearer choice. As it stands now, it is choice of s who you trust.
2022-08-16 12:33:55	Yes	Yes	
2022-08-18 10:32:13	Yes	Yes	
2022-08-16 13:49:45	Yes	I don't have enough information at this time to form an opinion	

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2022-08-16 21:47:53	Yes	Yes	Ferries need to be kept in good working order to provide consistent on-time service in a pleasant environment. Ferries and tram service are the first impression visitors have of BHI. Trams are in terrible condition and need a major overhaul or replacement. Luggage handling needs to be improved so that users of the system don't have to unload the trollies to find their luggage.
2022-08-16 14:24:50	Yes	Yes	
2022-08-16 12:44:55	Yes	Yes	
2022-08-16 06:24:11	Yes	Yes	The ferry, barge and parking are a transportation system that sustains Bald Head Island. We as residents are dependent on all three equally, and are at the entire systems mercy with regards to rates and quality of service. If it makes sense to regulate one, then it makes sense to regulate all three. Please apply the same reasoning to regulating the parking and the barge that was used to decide to regulate the ferry.
2022-08-23 21:12:21	Yes	Yes	The wording of the possible advantages and disadvantages is slanted to cause one to believe that the NCUC regulating the fares for the parking lot and barge is a much riskier proposition. For example, stating that if the Village were successful in acquiring the transportation system and used GO bonds, you will not be able to sell your lot or home over a 30 yr period unless the buyer assumes the risk. Creates fear & anxiety.
2022-08-15 20:46:54	Yes	Yes	Private equity buys businesses to make money. They do that by increasing sales of decreasing costs. Both would be bad for homeowners and businesses on the island.
2022-08-23 14:06:41	Yes	Yes	Yes there advantages and dis advantages to the property owners owning the transportation system, just as there were positives and negatives to the owners owning the clubs. I am in favor of owning our future and running and managing the transportation system such that we are in charge of our destiny. Properly run, the transportation system should be a long term asses to the Island. If owned by a Venture Capitalist , they will look after themselves first and might consider the impact on the island afterward
2022-08-16 12:00:56	Yes	No	
2022-08-18 01:31:51	Yes	Yes	
2022-08-16 12:22:55	Yes	Yes	
2022-08-15 16:03:06	Yes	Yes	I fully support the actions of the Mayor and Village Council in this matter.

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2022-08-18 10:15:44	Yes	No	The Village's behavior in connection with the sale of the ferry has been outrageous and, to some extent, duplicitous. Having participated in the BHITA since it's inception, the Village decided to launch its own effort to purchase the ferry only after an agreement between BHIT and the BHITA had been agreed to. The Village launched its purchase effort without any consultation with, or input from, BHI property owners. The Village has incurred considerable expense, paid for with our tax dollars, without any meaningful consultation, or explanation HOW it would manage the transportation assets. As any regular user of the post office can attest, the Village is incapable of managing even that small asset. The Village's apparent slash and burn litigation strategy ensures that much needed improvements to the ferry system will continue to be delayed into the indefinite future.
2022-08-16 14:02:38	Yes	No	
2022-08-17 16:27:57	Yes	I don't have an opinion at this time	
2022-08-23 10:28:35	Yes	Yes	
2022-08-15 16:19:44	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 18:24:09	Yes	Yes	
2022-08-18 10:51:30	Yes	Yes	
2022-08-23 13:00:10	Yes	No	The Village screwed up the Authority, now we are going to lose our annual parking? No one has taken the interests of the property owners during any of the process. Quite embarrassing.
2022-08-16 20:14:37	Yes	Yes	
2022-08-16 14:26:46	Yes	Yes	
2022-08-16 12:17:50	Yes	Yes	
2022-08-16 13:26:58	Yes	I don't have an opinion at this time	
2022-08-16 07:10:59	Yes	Yes	BHA should be supporting the Village

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2022-08-18 09:50:29	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 16:29:37	Yes	I don't have an opinion at this time	
2022-08-16 11:08:45	Yes	Yes	We should not sell our transportation to the island to private equity. Spells disaster for us.
2022-08-17 20:14:32	Yes	No	
2022-08-16 14:02:22	Yes	No	
2022-08-16 14:39:53	Yes	Yes	
2022-08-16 15:41:01	Yes	Yes	To protect the economies of southern Brunswick County, the transportation system of BHI must be regulated.
2022-08-16 11:58:32	Yes	Yes	
2022-08-21 21:23:53	Yes	Yes	I think the Home Owners and the Village of BHI should own, operate, and manage the ferry, the barge, and parking lots for the owners of BHI. Thanks, [redacted]
2022-08-15 19:11:46	Yes	Yes	Without regulation the workers/employees will potentially pay an exorbitant price in their commute.
2022-08-15 17:12:23	Yes	Yes	The listed disadvantages seem contrived and exceedingly speculative. It is disappointing that the Association feels compelled to seek opportunities to weaken the Village in these negotiations rather than work collaboratively with the Village for the benefit of island property owners.
2022-08-15 16:23:06	Yes	Yes	The original utilities commission plan was reasonable. [redacted]'s intervention is the only reason there is an issue now
2022-08-23 14:38:13	Yes	Yes	
2022-08-17 11:02:44	Yes	Yes	
2022-08-23 11:23:30	Yes	No	I find it disturbing that language about the Village possibly purchasing the ferry continues to be included in communications such as this from the BHA. Without an offer from the Village under consideration by BHI Limited, the "wishes" of the Village are not an alternative to the current purchase by SmartVue. At some point, all parties need to focus solely on the proposal under consideration. The 'wishes' of the Village to be a contender in this business deal have been deemed unacceptable to the seller and BHI Limited has stated this repeatedly. It muddies the waters to continually treat the Village's 'wishes' as realistic.
2022-08-18 12:16:33	Yes	Yes	Regulation of parking and the barge is essential to the welfare and economic viability of the island.

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2022-08-23 14:04:55	Yes	Yes	The ferry is the lifeline of BHI and we need to guard against price-gouging given that there are no viable alternatives for access to the island which could ensure competitive rates.
2022-08-15 16:06:06	Yes	Yes	
2022-08-15 17:11:49	Yes	Yes	
2022-08-16 11:59:53	Yes	Yes	
2022-08-22 09:51:18	Yes	Yes	
2022-08-16 12:54:59	Yes	Yes	
2022-08-16 12:43:01	Yes	No	The Authority should purchase, not a for profit entity. The Village cannot manage IPS , they should not attempt to manage the ferry system. Finally it is generally not wise to seek regulation.
2022-08-17 09:39:06	Yes	Yes	
2022-08-18 10:20:31	Yes	Yes	
2022-08-23 11:11:03	No	I don't have enough information at this time to form an opinion	
2022-08-15 16:09:48	Yes	Yes	
2022-08-23 11:16:54	Yes	Yes	
2022-08-16 13:18:39	Yes	Yes	
2022-08-17 21:01:53	Yes	Yes	Most, if not all, of the public ferry systems in NC transport passengers with their vehicles, and the state regulates the fees for passengers and vehicles. Bald Head Island is a unique situation, where cars do not make the journey to Bald Head with their passengers, but the cars must still be managed. In the case of Deep Point parking lots and the Bald Head Island Ferry, one cannot exist without the other. Both entities are tied together and should be regulated as such.
2022-08-22 15:06:06	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 12:12:16	Yes	Yes	
2022-08-24 16:22:26	Yes	Yes	The village of BHI should own the transportation system
2022-08-15 17:42:44	Yes	Yes	

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2022-08-18 08:14:14	Yes	No	Government mandates and management of the system is not the answer and may have unintended consequences that impact overall satisfaction with the system. Free market economics is a better choice (even though it may cost a bit more). And investors are somewhat beholden to users of the system because ridership (and satisfaction with the system) needs to increase for investors to have a return on their investment.
2022-08-15 16:58:05	Yes	Yes	
2022-08-15 16:36:24	Yes	Yes	This has been a debacle. The village has wasted valuable resources and money and has caused the situation we are in; now we have live with their mess.
2022-08-15 16:52:38	Yes	Yes	
2022-08-23 16:28:59	Yes	Yes	
2022-08-23 10:35:21	Yes	Yes	I appreciate that the Village is being pro-active in asking for regulation for parking and the barge insuring that whomever owns/runs transportation will be subject to approved pricing.
2022-08-17 11:37:41	Yes	I don't have enough information at this time to form an opinion	The BHI ferry and transportation service is used exclusively for travel to and from a single destination, BHI. Property owners, employees, visitors and others have no other options for travel. As such the system should strive for efficiency and innovative improvements without being overly focused on profits. It should include reserves for future improvements and potentially offer discounts for employees traveling to/from employment on the island.
2022-08-17 10:54:07	Yes	No	
2022-08-23 10:57:00	Yes	Yes	
2022-08-23 11:52:44	Yes	Yes	As a homeowner I pay property taxes to the government. The only access to my home is via the ferry system. A private entity that has no accountability should not monopolize taxpayers' access to their homes. The system should be comparable to the other ferry systems in place in NC such as those who own property on Ocracoke
2022-08-23 09:37:14	Yes	Yes	It's a monopoly! Why shouldn't it be regulated? Why is the BHA carrying BHI Limited's water?
2022-08-17 03:29:33	Yes	Yes	
2022-08-15 16:17:28	Yes	Yes	
2022-08-23 20:46:29	Yes	Yes	
2022-08-16 22:05:18	Yes	Yes	
2022-08-16 11:55:39	Yes	Yes	I think it be best if the village owned it. They have more skin in the game than anyone
2022-08-17 09:06:51	Yes	Yes	
2022-08-16 08:06:00	Yes	Yes	
2022-08-16 09:40:37	Yes	Yes	
2022-08-21 16:35:32	Yes	Yes	Given the fact that the public has no choice about using the parking lot to reach Bald Head Island, the parking operation is a monopoly that should be regulated

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2022-08-17 21:42:27	Yes	I don't have enough information at this time to form an opinion	
2022-08-23 10:47:13	Yes	No	Do not believe the sale of BHI Limited was made with the thought of the homeowners and property owners of BHI.
2022-08-22 17:35:12	Yes	Yes	It is essential to the residents of BHI to maintain an affordable ferry and parking system.
2022-08-16 09:12:29	Yes	Yes	The entire BHI transportation system is a commercially-owned monopoly and should be regulated as such. BHI property owners would be protected against monopoly price abuse and a new commercial owner could get on with making much needed improvements to the quality of BHI transportation services.BHI property owners would be protected against monopoly price abuse and a new commercial owner could get on with making much needed improvements to the quality of BHI transportation services. BHI property owners would be protected against monopoly price abuse and a new commercial owner could get on with making much needed improvements to the quality of BHI transportation services. All BHI residents, workers & visitors need to be protected against monopoly price abuse including degradation of facilities and service to maximize profits. The system is in need of significant improvements which the new owers should be incented to make by assurance of a fair but not excessive return on their capital.
2022-08-16 14:31:25	Yes	Yes	
2022-08-16 12:21:44	Yes	Yes	Your background on "disadvantages" is misleading and unbecoming of our property owners association board of directors.
2022-08-23 10:36:57	Yes	Yes	Regarding Premium parking, it is more likely that the NCUC will allow for differentiated parking pricing based on usage just as they have for the ferry with the Annual Pass. The more you use it, the less you pay per trip/parking day. And the scare tactic of insinuating that SharpVue may step away from the transaction if parking and barge are regulated, you seem to forget that the petition to regulate parking and barge was filed with the NCUC in February, over three months before the SharpVue deal was announced. They are well aware regulation of parking and barge is a serious possibility and they are smart enough to have negotiated contingencies in the deal. If not, are they who we want owning/operating the system?
2022-08-15 16:51:42	Yes	Yes	
2022-08-16 10:42:34	Yes	Yes	I don't understand why the BHA isn't strongly in favor of protecting the interest of BHI homeowners by strongly getting behind the effort to regulate. Regulating paring and barge protects property owners no matter who owns the ferry.

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2022-08-17 13:29:39	Yes	Yes	
2022-08-15 16:35:44	Yes	Yes	
2022-08-15 17:32:04	Yes	Yes	
2022-08-16 12:15:40	Yes	Yes	This will protect all property owners from any future owners of the parking areas and barge
2022-08-23 22:31:45	Yes	Yes	It is in the best interest of the Village to have the Commission looking after the residents well being.
2022-08-16 09:35:19	Yes	Yes	
2022-08-16 14:25:54	Yes	Yes	
2022-08-22 23:50:47	Yes	Yes	
2022-08-15 16:13:12	Yes	Yes	
2022-08-15 19:29:19	Yes	Yes	
2022-08-16 19:34:20	No	No	
2022-08-23 15:51:44	Yes	Yes	
2022-08-16 12:49:57	Yes	I don't have enough information at this time to form an opinion	Full time residents should be allowed premium parking…don't let that go away
2022-08-16 08:09:33	Yes	Yes	
2022-08-15 16:58:25	Yes	Yes	
2022-08-23 15:49:27	Yes	Yes	
2022-08-17 17:53:30	Yes	Yes	
2022-08-16 08:10:09	Yes	Yes	
2022-08-16 15:30:03	Yes	No	
2022-08-16 11:57:45	Yes	Yes	
2022-08-16 11:57:10	Yes	Yes	
2022-08-15 16:56:05	Yes	Yes	
2022-08-19 14:14:09	Yes	Yes	
2022-08-15 18:01:25	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 20:07:37	Yes	Yes	We need a regulated and fair pricing system to help the owners

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2022-08-23 10:34:53	No	Yes	
2022-08-16 14:43:33	Yes	Yes	Transportation system, in its entirety, is critical to property owners on BHI, as it is effectively a monopoly completely controlling access to the island!
2022-08-23 10:13:56	Yes	Yes	
2022-08-17 12:27:08	Yes	Yes	The luggage, tram, and ferry schedule need a major overhaul. Everyone is working very hard but they are woefully under equipped and under staffed. The ferry is NEVER on time anymore which is a huge sense of frustration for everyone involved. I'm very concerned about pricing for tickets and parking since both are already expensive. I'd also love to see water taxis or some other option when you need to get off the island in a hurry.
2022-08-16 13:22:53	Yes	Yes	
2022-08-23 09:41:46	Yes	Yes	
2022-08-15 16:52:12	Yes	Yes	Very disappointed that we did not have a chance to purchase system after all of the effort that was put forth.
2022-08-16 11:52:14	Yes	Yes	
2022-08-17 15:54:34	Yes	No	more regulation introduces unneeded complexity and potential unknown risks. plus my general sense is that ferry fares have been kept artificially low because revenue from parking and barge make up for any shortfall. if parking was regulated and maybe even reduced, wouldn't any buyer push a lot harder on ferry increases?
2022-08-16 19:39:38	Yes	Yes	
2022-08-16 11:50:59	Yes	I don't have enough information at this time to form an opinion	The system need upgrading and organization. Business on the island depends on the ferry for workers. Owners and renters depend on safe and affordable parking. Probably w/o any oversight those factors could become secondary to maximum profit.
2022-08-17 20:54:00	Yes	Yes	
2022-08-16 18:51:25	Yes	Yes	
2022-08-16 16:03:05	Yes	Yes	
2022-08-17 19:28:10	Yes	I don't have an opinion at this time	
2022-08-16 13:11:56	Yes	Yes	Need to have some sort of price increase control for ferry and parking
2022-08-15 16:58:23	Yes	Yes	
2022-08-17 21:35:20	Yes	Yes	

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2022-08-20 20:22:38	Yes	I don't have enough information at this time to form an opinion	The island is growing and the powers that be should allow independent boats to operate while the ferry's run.
2022-08-16 12:29:33	Yes	Yes	We are at the mercy of transportation to and from the island. Our future prosperity is at risk if it is not controlled by the NC Utilities.
2022-08-21 14:49:07	Yes	Yes	The ferry system, along with parking and barge service is vital to BHI residents, visitors and people that work on the island. Having regulatory oversight is key to ensuring the ferry operates in a safe, effective and reliable manner.
2022-08-16 12:07:38	Yes	Yes	
2022-08-17 18:34:28	Yes	Yes	This is a legal question, not one of preference. The parking is an ancillary monopolistic service related to an already regulated Ferry system. The NCUC should regulate parking until such time as it is no longer ancillary and monopolistic. The barge fits the definition of a common carrier and should also be regulated.
2022-08-23 11:07:14	No	Yes	
2022-08-17 08:14:52	Yes	Yes	
2022-08-16 18:52:50	Yes	Yes	
2022-08-16 12:00:32	Yes	Yes	This is a very important issue and hoping the BHA advocates for the position of the homeowners in this matter.
2022-08-15 18:07:40	Yes	Yes	
2022-08-17 12:38:09	Yes	Yes	It is crucial the barge and parking are both regulated.
2022-08-16 11:27:24	Yes	Yes	
2022-08-16 10:09:05	Yes	Yes	This is the only viable option to protect the interest of island property owners and businesses!
2022-08-23 15:55:01	Yes	Yes	If the owners of the BHI transportation system do not have a vested interest in the viability of the island that the system serves there is no incentive to run the system in a manner that is fair to BOTH the owners of the system AND the island that it serves. What if the new owner wants to sell off the more lucrative portion of the system? Then what will be left will have to fend for itself; will it do so in a manner that remains fair to the homeowners, businesses and many workers whose current livelihood is based on working on the island.
2022-08-17 17:22:10	Yes	Yes	
2022-08-15 18:16:40	Yes	Yes	Not something BHA should be involved in.
2022-08-16 14:05:06	Yes	Yes	

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2022-08-20 11:27:31	Yes	Yes	NCUC will make sure the rates are high enough to 1- make reasonable profit on return, 2- have rates high enough for capital investment, 3- and still be lower than today. Survey was extremely slanted either on purpose or lack of good practices.
2022-08-24 07:23:15	Yes	Yes	Things are so costly as they are. Please help us owners to continue to love and support this piece of paradise.
2022-08-15 16:06:45	Yes	Yes	
2022-08-18 10:30:43	Yes	Yes	I am concerned about the perceived bias by the Association against the Villages involvement concerning the Transportation system. Suggesting to us that just because there were more questions concerning why the Village shouldn't own it as those questions took longer to explain does not negate an obvious bias against Village Involvement.
2022-08-17 14:44:53	Yes	Yes	
2022-08-16 08:50:26	Yes	Yes	
2022-08-15 16:13:16	No	Yes	Private transportation to the island should be continued.
2022-08-15 15:54:32	Yes	Yes	
2022-08-15 16:16:07	Yes	Yes	
2022-08-15 17:49:17	Yes	Yes	
2022-08-17 00:38:09	Yes	Yes	
2022-08-16 16:01:58	Yes	Yes	
2022-08-15 17:46:32	Yes	Yes	
2022-08-16 15:39:43	Yes	Yes	The complete Ferry system is essential to our existence on the island
2022-08-23 10:00:13	Yes	Yes	The Parking and Barge is in a monopoly situation and requires state oversight
2022-08-16 20:25:10	Yes	Yes	
2022-08-16 17:16:30	Yes	Yes	Regardless of the owner, concerns over potential monopoly pricing and lack of investment, as is now occurring in the ferry and tram operations, make State regulation of the entire transportation system (ferry, barge, parking) vital for BHI's future.
2022-08-16 08:06:31	Yes	Yes	
2022-08-16 11:50:34	Yes	Yes	
2022-08-17 07:22:27	Yes	Yes	
2022-08-16 18:28:17	Yes	Yes	
2022-08-17 07:19:54	Yes	Yes	
2022-08-17 19:30:47	Yes	Yes	
2022-08-15 21:11:10	Yes	Yes	Hopefully any bids for the system will include their initial and ongoing capital investment plans
2022-08-17 13:23:57	Yes	Yes	
2022-08-18 13:08:00	Yes	Yes	Parking and a ferry service at a reasonable fee are critical for the future of the Island
2022-08-17 17:33:01	Yes	Yes	

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2022-08-16 13:06:36	Yes	I don't have enough information at this time to form an opinion	
2022-08-17 11:11:17	Yes	Yes	I want to ensure it's run fairly and efficiently.
2022-08-16 12:02:39	Yes	Yes	
2022-08-23 10:25:44	Yes	Yes	
2022-08-15 17:43:25	Yes	No	
2022-08-15 16:13:04	Yes	No	
2022-08-23 14:14:43	Yes	Yes	Like the BHI passenger ferry, the Deep Pount parking and barge operation are commercially owned monopolies and should be regulated as such. It's disappointing that the BHA doesn't seem to understand this.
2022-08-16 10:15:12	Yes	I don't have enough information at this time to form an opinion	While not a part of the current discussion, I would not want the BHI Ferry to be owned and operated as a part of the NC Ferry system. I like that the BHI ferry is privately owned, or potentially owned by the village of BHI. Under either type of ownership the owner has the incentive to provide good service to BHI property owners.
2022-08-23 10:29:15	Yes	Yes	
2022-08-16 13:22:07	Yes	Yes	
2022-08-23 17:40:04	Yes	No	
2022-08-23 13:17:21	Yes	No	
2022-08-17 16:51:03	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 19:11:01	Yes	Yes	
2022-08-16 12:46:57	No	No	
2022-08-17 12:24:18	Yes	Yes	
2022-08-23 14:50:29	Yes	Yes	there is no mention of the Authority here. If SharpVue backs out, is the Authority no longer in the picture as well?

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2022-08-17 18:07:11	Yes	Yes	
2022-08-17 16:17:32	Yes	Yes	We believe that BHI should own and operate the ferry system, including the barge and the parking facilities so that the owners and businesses would be in control of an essential service that is key to the long term existence of the island.
2022-08-15 18:12:03	Yes	Yes	Thank you for keeping homeowners informed. Most appreciated.
2022-08-15 17:03:05	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 16:48:21	Yes	Yes	
2022-08-15 23:08:00	Yes	I don't have enough information at this time to form an opinion	I would prefer the village own the transportation as it is closest to the issue and has the most at stake. I am leery of inviting government regulation since once it gets involved, you can not get rid of them. Also, the government does not allow us to have an arbiter if a debate arises. If the system is sold to a private firm, I forsee a big risk to this. Yes the system is currently owned by a private business, but they were deeply entrenched on the island. They were motivated to grow the island and attract new home owners as thy were the primary developers on the island. A new company can sya they plan to leave it the same, but they are buying a monopoly and can do anything they want, and we would need to comply. I noticed recently they are not allowing private boats to dock and ferry passengers. Was this done for the new owners? If so, it would indicate they are not operating with the islands best interest at heart.
2022-08-15 20:14:51	Yes	Yes	
2022-08-23 10:11:40	Yes	Yes	What are the long term plans for Sharp-Vue (5-7years). Who will be the next owner?
2022-08-17 12:23:00	Yes	Yes	
2022-08-23 09:43:26	Yes	Yes	
2022-08-17 17:58:26	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 11:38:31	Yes	Yes	
2022-08-22 10:26:48	Yes	Yes	
2022-08-17 21:25:34	Yes	Yes	

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2022-08-17 19:13:25	Yes	No	
2022-08-17 13:32:47	Yes	Yes	
2022-08-17 13:18:33	Yes	No	We don,'t need MORE GOV regulation.
2022-08-16 12:26:42	Yes	I don’t have enough information at this time to form an opinion	
2022-08-16 12:26:18	Yes	Yes	
2022-08-15 17:11:49	Yes	Yes	SharpVue being a private Equity investor will typically hold an asset for 8-10 years, the disadvantages do not come into effect until SharpVue sells, so no short-term (8-10 years) disadvantage by public regulation.
2022-08-15 18:31:33	Yes	No	
2022-08-15 17:54:54	Yes	Yes	
2022-08-15 19:27:45	Yes	No	While SharpVue represents publicly that they will not raise rates/fares above inflation, what prevents them from doing so? They are a private business, without the "on island" incentive as BHI Ltd had to keep the rates reasonable. BHI Ltd had an incentive to keep the rates reasonable in order to get people and products to the Island. What is SharpVue's incentive? We've all seen numerous times corporate promises to "not change anything" and to keep the "status quo," but after purchasing they immediately raise rates/fares and justify it by saying they had increased costs, etc that they did not anticipate. They are a private business buying the parking and barges for a reason; profit. Nothing less. What "built in" written, contractual assurances can the Village get? Also, if SharpVue is the purchaser, there MUST be the ability to have a private water taxi system (ala Uber/Lyft) that is permitted in order to compete with SharpVue.
2022-08-23 13:35:02	Yes	No	would like to control our cost structure vs. a state agency i want an orderly transfer without a significant hike in our parking and barge rates. These costs affect everyone and should not be considered lightly. Pass on the costs to renters if necessary and do not, under any circumstances, eliminate our premium parking.
2022-08-16 08:57:51	Yes	I don’t have enough information at this time to form an opinion	
2022-08-15 17:14:00	Yes	No	

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		I don't have enough information at this time to form an opinion	we would prefer things to remain stable...based on the description we are not clear that either option affords that.
2022-08-15 22:52:21	Yes		
2022-08-15 17:20:01	Yes	No	At the group meeting a few weeks ago SharpVue indicated that it has a special group of investors for a long term 'hold' strategy which is a distinct advantage over a typical buy-sell approach. I believe this is an under-appreciated aspect of what SharpVue brings to the deal. More specifically to the question, the Village already has so many other significant issues and challenges that require immediate attention and should focus its limited resources on Village infrastructure, erosion and commercial development.
2022-08-15 16:31:07	Yes	Yes	I am not sure what BHA is trying to set up but n this information. It looks like a scare tactic to ok the sale. Tax hikes, and bond life, really. This note is weakly vailed threat.
2022-08-17 09:09:22	Yes	I don't have enough information at this time to form an opinion	The Association should stop spending time and money on this issue. This falls within the Village Council's scope. Stop spending and raising taxes on an issue that is best handled by the Village Council.
2022-08-16 17:06:45	Yes	I don't have enough information at this time to form an opinion	Limited was a good owner because it had a vested interest in the development of the island. The nature of the third party may be solely profits. It's frightening. Yet on the flip side I feel like the village is self serving to the full time residents. If the village was to purchase I think every property owner full time or never has equal voice if we have equal liability. I believe that is why you cannot get a full backing from the tax payers. If bald head had a referendum allowing representation with the taxation the village would receive more support. You want to make us liable without any decision making power. Homeowners that are not full time are caught between a rock and a hard place.
2022-08-23 09:55:30	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 22:49:46	Yes	No	Thoughts. Will keep them to myself.
2022-08-16 10:07:17	Yes	Yes	

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2022-08-16 08:57:59	Yes	No	
2022-08-15 17:30:06	Yes	Yes	
2022-08-23 11:42:09	Yes	No	We don't want our house subject to the liability of a Village-issued bond so it's important to not chase SharpVue away.
2022-08-16 12:24:15	Yes	No	The town is not under contract to purchase the ferry system . The town should stop wasting tax dollars chasing and arguing a point when they do not have a seat at the table. No one cared about the Mitchell family taking the financial hit during Covid shut downs - ask how much they lost during this time period.
2022-08-17 12:39:05	Yes	Yes	The owners on the island should bear the responsibility for the ferry system because ultimately the owners pay for the services (including contractors) who come to the island every day. I disagree with the prior statements I've hear about the ferry system serving the Southport community. The Southport community wouldn't come to the island to work without island owners / consumers who ultimately pay for fill their services, including their transportation.
2022-08-23 21:33:13	Yes	Yes	I fully support the actions of the Village
2022-08-23 09:58:46	Yes	No	This should be run by professional investors not the insular few that make decisions on the island. The "tax" of professional ownership and responsibility from private equity ownership far outweighs the risks of residents making mistakes and having liability.
2022-08-17 13:42:15	Yes	I don't have enough information at this time to form an opinion	I felt that the previous PROS and CONS were confusing and rambling. The afore mentioned points of consideration did not help me in making a decision regarding the advantages or disadvantages of NCUC regulation. That said, I am deeply concerned about the Village undertaking to finance, own, manage and maintain the ferry system.
2022-08-15 19:19:46	Yes	I don't have enough information at this time to form an opinion	not sure where to start. what makes us think that rates will change significantly once new owner takes over? do we have to file lawsuit at this stage? if the NCUC didn't have oversight of parking rates now, what makes BHA think that they would now? is there precedent for NCUC controlling parking rates? (if yes, where?)
2022-08-16 12:54:40	Yes	No	The Village is incapable of managing the transportation system. Fear-mongering about parking and barge is crazy.
2022-08-16 20:48:54	Yes	Yes	
2022-08-16 16:10:59	Yes	No	I would like to have an accounting of what the village has spent on legal fees thus far and exploring this non-option of buying the ferry system.
2022-08-16 16:09:07	Yes	Yes	

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2022-08-16 16:03:19	Yes	No	I wish the Village would drop the law suit as it is costing property owners a lot of money in frivolous legal fees. I am truly disappointed in the Village Council. After watching the information session BHA hosted it was very clear Limited has been extremely patient with the Village and the Village has yet to make clear their actions. The Village did not come across with a clear plan and this very much concerns me as a full time resident. Many very smart, informed residents worked hard to make a clear, well thought out plan for the Transportation Authority of which some of its members were on the Village Council and those members irresponsibly caused the mess we are all now in. Let's move forward with regulating the Ferry and trams and NOT the parking and Barge.
2022-08-23 11:06:18	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 17:17:07	Yes	No	Thoughts. Will keep them to myself.
2022-08-15 16:39:37	Yes	Yes	Seems to from this correspondence that the BHA Board is working on behalf of [redacted] & SharpVue rather than its members, its very purpose is to advocate for!
2022-08-16 05:21:28	Yes	No	If the parking is regulated and we lose annual parking passes, it would cost year round residents an additional $4000 per vehicle. Is the Village or the Association willing to compensate us for this lost? Or do the property owners have to sue the Village or Association to get our money back? Just wondering if anyone is being proactive?
2022-08-17 18:41:11	Yes	Yes	Please do not stop the lawsuit.
2022-08-17 13:25:15	Yes	I don't have enough information at this time to form an opinion	My feeling is that islanders will pay for any elevated expense levels either directly or indirectly. The village should proceed with attempts at buying the system including parking and the barge. If that fails, we should investigate buying, long term leasing, or an option to lease suitable property in Southport to build a harbor if necessary.
2022-08-21 16:57:57	Yes	Yes	I support the Village's position. The ferry, barge and related parking are critical elements of infrastructure to the island and should be owned by the Village. They are as critical to the transportation infrastructure of the island as the road system. I would not support ownership of island roads by private entities. I do not support giving a non-island related private equity firm control over this infrastructure.
2022-08-17 19:13:20	Yes	Yes	

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2022-08-15 21:28:06	Yes	Yes	OH MY!! Sharpvue said they'll carry on services as already in place. That means late ferries, broken down trams, not enough island parking and luggage handling. 40 more houses going up and transportation as usual is frightening. Please be sure that Sharpvue is a holding company. They don't have the money to invest. It's a group of private investors who have one goal...profit. [redacted] I live here full time and have no problem with the village owning the transportation system. They will make it work for the homeowners. I am ashamed of the BHA weighing in on the elections and now on the purchasing of the ferry system as though you all have the inside track on what's best for all property owners. You have lost your credibility and should stay out of any legal assumptions or disadvantages on any decision going forward. At least this time you asked for an opinion.Let's see if you listen. Yes to price caps on our only way to park get home.
2022-08-16 16:51:15	Yes	I don't have enough information at this time to form an opinion	The village never should have got involved and tried to run the ferry. How much money have we spent on lawyers?
2022-08-23 09:52:00	Yes	No	
2022-08-23 09:51:01	Yes	No	
2022-08-15 16:47:35	Yes	No	Drop the law suit, stop wasting money on legal fees. Focus you efforts on limiting commercialization of Bhi
2022-08-15 21:30:01	Yes	Yes	
2022-08-16 12:43:35	Yes	Yes	
2022-08-15 16:12:20	Yes	Yes	
2022-08-23 11:21:45	Yes	Yes	
2022-08-15 17:52:28	Yes	Yes	I think private ownership with fee regulation by NCUC best alternative
2022-08-17 13:33:10	Yes	Yes	I am concerned about having a Private Equity firm running parking and barge runs. [redacted] I'd like to know what commitments SharpVue made to those investors.
2022-08-15 19:24:02	Yes	Yes	
2022-08-15 20:24:28	Yes	No	
2022-08-17 14:45:08	Yes	Yes	
2022-08-17 14:46:22	Yes	Yes	Sharpvue is buying a monopoly. They have no I'm incentive to provide great service at reasonable prices. The village is us. We will have control of our own destiny.

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2022-08-17 10:46:01	Yes	Yes	
2022-08-16 11:54:05	Yes	Yes	I find it a bit disingenuous to suggest that the Utilities Commission would step in and unilaterally overrule operating policies and practices supported by both the owner and customer. From what I've seen over the years, the Utilities Commission has done whatever Limited has asked them to do.
2022-08-17 07:50:51	Yes	Yes	Could the parking lot be purchased by the village?
2022-08-16 13:32:56	Yes	Yes	The NCUC is less driven by profits and will likely be a better arrangement for those of us with property on BHI.
2022-08-23 09:55:54	Yes	No	
2022-08-15 16:16:19	Yes	Yes	
2022-08-23 10:41:20	Yes	I don't have an opinion at this time	
2022-08-23 11:56:34	Yes	Yes	
2022-08-18 11:51:31	Yes	Yes	What wii be the assessed value (or est. market value) of the real estate owned by the Mitchell interests after the asset sale to SharpeVue?
2022-08-23 20:34:27	Yes	No	we have seen that even getting on the agenda through the State Treasurer is another entry hurdle and disadvantage. They can stiff arm is any time they want, and have.
2022-08-17 18:11:59	Yes	No	I do not believe this is a good idea for BHI property owners. The ferry system currently receives a subsidy from the parking operation. It stands to reason that ferry costs will in reasr dramatically if the barge and parking is regulated by the NCUC.
2022-08-17 09:41:42	Yes	I don't have an opinion at this time	
2022-08-23 10:43:28	Yes	Yes	Prospective purchaser's first responsibility is tout investors and must answer to them.
2022-08-15 16:59:28	Yes	I don't have enough information at this time to form an opinion	
2022-08-19 07:38:20	Yes	No	
2022-08-18 22:43:41	Yes	Yes	
2022-08-15 16:27:33	Yes	Yes	The village just needs to stop wasting our money and realize they aren't going to buy the ferry system
2022-08-15 17:00:13	Yes	No	
2022-08-16 14:24:28	Yes	No	

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2022-08-16 13:43:25	Yes	Yes	The parking and the barge are essential to the proper functioning of the ferry and tram. They should be regulated as a single entity. Previous private ownership of the system by the island's developer in not relevant to situation in question. Limited/Transportation had an overarching objective to sell the island as a whole which kept things in check in regards to barge and parking. No such balancing objective exists with current proposal to sell system. Only regulation by NCUC can do that.
2022-08-16 13:37:36	Yes	Yes	
2022-08-15 16:15:33	Yes	Yes	
2022-08-15 17:10:46	Yes	I don't have enough information at this time to form an opinion	
2022-08-24 06:31:08	Yes	No	
2022-08-23 22:08:18	Yes	No	
2022-08-16 05:11:23	Yes	Yes	
2022-08-17 09:57:48	Yes	No	Currently like the ferry the way it is however the boats need to be updated and I feel the workers and contractor should have their on ferry that runs on the hour and not be mixed in with the visitors.. I have had training with Disney and I feel this is what they would do
2022-08-18 09:29:29	Yes	No	
2022-08-15 16:57:02	Yes	Yes	
2022-08-17 08:46:51	Yes	No	The desired sale of the ferry, trams, barge, parking et al has gone on for far too long. It's time to move forward. SharpVue appears to be the best buyer option to date. The Village has its hands full with its current responsibilities and BHI Limited has absolutely no intent to enter into a sale w/ the Village. While I am grateful to the Village for all it does, including their desire to buy the ferry/barge/parking/trams, they simply don't have the capability to run it. The potential tax exposure to home/landowners is far greater than the potential fare increases by SharpVue. the NCUC regulates the ferry cost today. If and when the barge or parking prices become an issue/problem, the matter can be addressed w/ the NCUC then. The Village's legal action to get the NCUC to govern parking + barge is pre-mature at this time and can be re-instated if need be. For now let's stand down on that and get the sale to SharpVue completed .
2022-08-16 16:47:12	Yes	I don't have an opinion at this time	
2022-08-16 11:57:24	Yes	No	

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2022-08-15 18:13:48	Yes	No	Presently there are no funds set aside to replace ferries or tràms most beyond useful lives. Unregulated parking fees provide the most available source without dampening property values.ty
2022-08-16 10:08:46	Yes	Yes	I think the barge, parking, and ferry operations should be owned by the Transportation Authority and regulated by the NCUC.
2022-08-15 20:13:07	Yes	No	
2022-08-15 16:12:37	Yes	Yes	
2022-08-16 23:18:26	Yes	Yes	
2022-08-15 16:30:21	Yes	No	
2022-08-17 14:54:21	Yes	I don't have enough information at this time to form an opinion	
2022-08-16 15:32:04	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 16:36:24	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 16:20:16	Yes	Yes	
2022-08-16 08:31:58	Yes	Yes	Ferry system is vital to the island all year long. fares and parking fees need to be reasonable to make living or travelling to BHI worth the cost.
2022-08-16 12:19:31	Yes	Yes	
2022-08-16 13:18:13	Yes	Yes	

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2022-08-15 16:37:32	Yes	I don't have enough information at this time to form an opinion	I feel this summary of advantages / disadvantages is mixing several issues (ferry & tram vs barge and parking). It also is very dependent on ownership. I have no interest in increased taxes or personal liability in anything
2022-08-15 20:50:11	Yes	Yes	From reading your "disadvantages" list, one might infer that you are more concerned about SharpVue's profits and perspective, than you are island residents. Regulating the parking and barge ultimately protects us more than SharpVue. And, if anything, protects us FROM SharpVue increasing prices for profits. You represent us not them.
2022-08-16 08:49:49	Yes	Yes	Regulation provides a guarantee of 'reasonable rates'. Every alternative is just a hope.
2022-08-17 08:25:39	Yes	Yes	If there were parking options I would support the private enterprise. This is geographically a monopoly.
2022-08-19 15:18:48	Yes	Yes	
2022-08-17 07:45:20	Yes	Yes	
2022-08-17 13:18:08	Yes	Yes	
2022-08-23 16:55:28	Yes	Yes	
2022-08-18 12:01:27	Yes	Yes	
2022-08-23 10:18:51	Yes	No	
2022-08-16 11:00:27	Yes	I don't have enough information at this time to form an opinion	What I want is a reasonably smooth transition that maintains the current Premium Lot.
2022-08-15 21:38:39	Yes	I don't have enough information at this time to form an opinion	

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2022-08-17 21:17:16	No	I don't have enough information at this time to form an opinion	I work on BHI and am concerned about continuing access to parking (my employer pays for parking in the upper lot)
2022-08-16 11:59:49	Yes	Yes	My view is that if the parking and/or barge operations are not regulated, and those operations are transferred to an unregulated third party (such as SharpVue), then everyone will be subject to pricing set by an unregulated monopolist, when there is no viable alternative to either of these essential services - and no "market" of competitors to discipline the monopolist. How likely is it that SharpVue will actually hold these assets if they acquire them, rather than flipping (especially the parking), to someone is the business of running parking operations?
2022-08-15 17:37:18	Yes	Yes	I am interested in a private company taking this over, ONLY if homeowners finally get a break on the parking fees.
2022-08-15 16:25:30	Yes	Yes	
2022-08-23 12:03:47	Yes	Yes	
2022-08-15 16:04:45	Yes	No	Get the Village to Cease and desist. They are wasting out tax payer dollars.
2022-08-15 16:26:50	Yes	I don't have enough information at this time to form an opinion	Not sure whether the advantages outweigh the disadvantages. I feel very conflicted about this.
2022-08-15 16:46:26	Yes	Yes	
2022-08-15 18:02:59	Yes	I don't have an opinion at this time	The Village's behavior over the last 20 months has been, and continues to be, reprehensible. The best option for ownership - the Authority - was deep-sixed by [redacted] and now we face a range of bad alternatives with higher price tags - including expanding state regulatory authority into new areas of private enterprise. The major issue will be whether the NCUC has the authority to regulate. If so, fine. If not, we'll cope with private ownership. The BHA May as well stay out of a battle about statutory interpretation.
2022-08-18 23:31:43	Yes	Yes	
2022-08-17 12:51:23	Yes	I don't have an opinion at this time	I believe your statement in this email that property owners would be personally liable for the bonds the Village wants to issue to be unnecessarily inflammatory and misleading.
2022-08-15 17:14:40	Yes	Yes	

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2022-08-23 12:04:47	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 16:29:46	Yes	Yes	
2022-08-15 17:24:32	Yes	Yes	The parking lot and barge are critical components of the transportation system. The Association should be supportive of the Village. The revenue from the parking lot and barge belong in the same bucket as the ferry revenue. The Homeowners Association should fully support the Village in the Utilities Commission proceeding.
2022-08-16 14:18:12	Yes	Yes	
2022-08-15 17:33:24	Yes	Yes	Village should own and operate all parts of the transportation system including parking
2022-08-15 20:24:33	Yes	No	
2022-08-17 18:24:30	Yes	I don't have enough information at this time to form an opinion	It is difficult to follow The various options understand what ultimately would be best for the Island residence and visitors.
2022-08-16 15:28:18	Yes	Yes	
2022-08-16 08:47:09	Yes	No	The village's interference in the sale of the ferry system is a complete mystery to me. There is no way the BHI village is equipped to operate the ferry system.
2022-08-15 16:25:07	Yes	Yes	
2022-08-17 12:34:23	Yes	I don't have enough information at this time to form an opinion	
2022-08-15 16:14:40	Yes	Yes	I trust the village more than any other entity on the island
2022-08-16 12:38:30	Yes	Yes	
2022-08-16 10:27:25	Yes	No	
2022-08-15 17:15:34	Yes	Yes	
2022-08-15 16:09:23	Yes	Yes	

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2022-08-15 17:53:19	Yes	No	I think they should drop the lawsuit and let things progress with SharpVue without any further delay
2022-08-16 11:04:58	Yes	Yes	
2022-08-23 12:28:09	Yes	Yes	The parking and barge are monopolies ..... no real alternative for BHI owners. Rates should be regulated and limited to costs plus a reasonable return on investment.
2022-08-15 19:20:32	Yes	Yes	
2022-08-17 10:39:19	Yes	Yes	
2022-08-15 16:50:40	Yes	No	I don't want the village to purchase the ferry system
2022-08-15 16:20:36	Yes	Yes	
2022-08-16 21:02:58	Yes	Yes	This way an independent body without an interest in profit taking will ensure that the pricing remains fair.
2022-08-16 13:55:32	Yes	No	
2022-08-17 20:07:30	Yes	Yes	Thank you for the "attempt" to present to resent the facts impartially. In all honesty if this was truly the desire…….you failed miserably.
2022-08-17 18:38:29	Yes	I don't have an opinion at this time	I don't believe this is a matter for BHA. BHA should refrain from interfering in any manner. This is a village, not a BHA, matter.
2022-08-15 18:43:32	Yes	Yes	
2022-08-15 16:40:39	Yes	Yes	
2022-08-18 07:27:57	Yes	Yes	
2022-08-17 23:15:59	Yes	Yes	
2022-08-15 18:09:12	Yes	Yes	I proposed this regulation by the NCUC about 12 years ago when they met in general session here on BHI. [redacted]
2022-08-17 21:37:12	Yes	No	
2022-08-15 20:57:57	Yes	No	The longer this drags on, the worse the service is going to get because we need new ferries and upgrades to the terminals and trams. None of that is going to happen until this is settled. The Village needs to reach agreement with BHI Ltd in the next two months.
2022-08-23 10:55:55	Yes	Yes	

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Preview & Test

INVITE

Ferry System: Parking and Barge

1. Are you a Bald Head Island property owner?

- ◯ Yes
- ◯ No

2. Do you want the North Carolina Utilities Commission (NCUC) to regulate the fares for the parking lot and the barge?

- ◯ Yes
- ◯ No
- ◯ I don't have an opinion at this time
- ◯ I don't have enough information at this time to form an opinion

3. Please provide any additional thoughts, questions, suggestions or ideas you have about this lawsuit by the Village that you think might be helpful to us in representing BHA in this case:

Done

DESKTOP TABLET PHONE

Powered by SurveyMonkey
See how easy it is to create a survey.

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Sep 26 2022

Carrie Moffett

From: Bald Head Association <pam+baldheadassociation.com@ccsend.com>
Sent: Monday, August 15, 2022 4:03 PM
To: Carrie Moffett
Subject: BHI - BHA Survey: Ferry/Transportation System — 8/15/22

Bald Head Association
Monday, August 15, 2022

Update on the Lawsuit by the Village of BHI Regarding the Parking Lot and Barge

Bald Head Association (BHA) is seeking BHI property owners' opinions. Please answer just two questions, in addition to any comments you would like to include, by Tuesday, August 23, by clicking on the survey link below the following information.

On February 16, 2022, the Village of Bald Head Island filed a lawsuit against Bald Head Island Limited with the North Carolina Utilities Commission (NCUC) asking the NCUC

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to exercise regulatory authority over the parking lot and the barge and, therefore, regulate the fares that could be charged to park at the ferry landing or to use the barge.

Since the BHI Ferry System began, the fares for the ferry and tram have been regulated by the NCUC. The fares for the parking lot and the barge have not been regulated by the NCUC.

The Village wants to change that so the NCUC will hereafter exercise jurisdiction over the parking lot and barge so the NCUC will then regulate the rates.

This matter is set for hearing before the NCUC on October 10, 2022.

We have kept you up to date on all the relevant filings with the NCUC regarding this matter.

We, the BHA, have intervened in this proceeding in order to be able to speak on behalf of the BHA, if we conclude it becomes appropriate for us to do so.

It would assist us to know your views on this matter.

We have identified some possible advantages for regulation of the parking and barge and some possible disadvantages. As the facts are complicated and reasonable people can differ on what is the better result, people can differ on the advantages and disadvantages.

By listing possible advantages and disadvantages, we do not mean to suggest our views on what we think or suggest. We only want to list some obvious points and get you thinking about this so we can elicit your thoughts and views.

Do not ascribe any significance to the fact that our explanation of the the possible disadvantages is longer than the possible advantages. Some explanations just take more words. Nothing more should be inferred.

Possible Advantages and Disadvantages of Public Regulation of the Parking and the Barge

Possible Advantages:

1. There would be some level of assurance that the rates that are charged by the owner of the parking lot and/or barge will be reasonable and limited to cost recovery and a reasonable profit.

2. The process for increasing rates would be open, public, transparent and predictable.

3. The home and lot owners would have the ability to participate in the rate-changing process.

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4. The NCUC rate-setting process is quite complex. There is a possibility that if regulated, the permitted returns and asset valuations would be such that the existing fees could actually be lowered from what they are today.

Possible Disadvantages:

1. Since the beginning of the ferry and tram for BHI, the parking lot and the barge have been owned and operated by a private business, BHI Limited. The rates have been reasonable. SharpVue, also a private business, indicated it would carry on service substantially as it has been and only increase rates consistent with inflation. All appears to be set up for an orderly and reasonable ownership transfer from BHI Limited to SharpVue.

Public regulation of the parking lot and the barge could change things significantly. For example, the NCUC might disallow the dedicated premium parking lot and require so-called first-come, first-served parking. In addition, the return criteria and asset valuations could possibly be set at a level so low that we could possibly lose SharpVue as the buyer.

2. If the Village were ultimately to buy the Ferry Transportation System, as it wants to do, we, the real property owners on Bald Head Island, will have personal liability for increased real estate taxes to pay any losses suffered by or needed by the Village in operating the Transportation System.

In addition, if the Village buys the Ferry Transportation System with the General Obligation Bonds as it intends to do, you will only be able to sell your lot and/or your home during the 30-year life of the bond to a buyer who is also willing to assume that risk.

If SharpVue buys it, the real property owners have no risk of increased real property taxes based on the Ferry Transportation System and no personal liability for any losses incurred by the Ferry Transportation System.

3. If the system becomes regulated at a level that SharpVue is willing to accept, the cost of administrative compliance for a regulated company is high. There is much legal, administrative detail and compliance cost just to meet the regulatory demands. That cost will ultimately be passed on to the consumer in either increased fares or lesser service.

4. Regulated returns might be set at a low level and provide a disincentive for SharpVue to spend additional capital to upgrade the ferry system.

These are just a few of the possible advantages and disadvantages of regulation of the parking lot and the barge.

SURVEY LINK

At this time, we would like you to answer just two questions, in addition to any comments you would like to include, **by Tuesday, August 23**. All responses are anonymous. Click **HERE** for the survey.

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Thank you very much.
The BHA Board of Directors
Alan Briggs, President
John Kinney, Vice President
Robert Drumheller, Secretary/Treasurer
Jennifer Lucas
Tiffany Williams
Joe Brawner

BHA News

Don't miss!

August 2022 Island Report flipbook version

August 2022 Island Report PDF version

News

Don't forget to periodically check BHA's News page for new posts! **Click the button below.**

Click HERE for BHA's News Web Page

Bald Head Association ~ YOUR property owners' association

BHA Quick Links:

Monthly BHA Board Meetings

BHA's Board of Directors invites property owners and others to view its monthly public meetings

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2022 Meeting Schedule ARC Section A

2022 Meeting Schedule ARC Section B

2022 ARC Review Fees

BHA Committee Rosters, Bylaws Charges and Goals

remotely via Zoom. Board meetings are typically held the second Friday of each month beginning at 11:00am EDT. Agendas, approved minutes of previous meetings and a link to the current monthly Zoom meeting can be found on the meeting information web page. Click on the link below to learn more.

The next regular BHA Board meeting public session will be Friday, September 9, 2022, at 11:00am.

Click here to view BHA Board meeting information

BHI Website Links

Bald Head Association

Village of BHI

BHI Ferry

BHI Club

Shoals Club

Maritime Market

BHI Conservancy

Old Baldy Foundation

Village Chapel

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Docket A-41, Sub 21
BHI Club Wright Cross Exhibit 1

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. A-41, SUB 7

FILED
SEP 30 2010
Clerk's Office
N.C. Utilities Commission

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Petition of Bald Head Island Transportation, Inc. for a General Increase in its Rates and Charges	)))))	DIRECT TESTIMONY PUBLIC

Oct 25 2022

BALD HEAD ASSOCIATION,

BALD HEAD ISLAND CLUB, AND

THE VILLAGE OF BALD HEAD ISLAND

DIRECT TESTIMONY

OF

JULIUS A. WRIGHT, Ph.D.

FILED SEPTEMBER 30, 2010

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A. My name is Julius A. Wright, President, J.A. Wright & Associates, Inc., 3307 Loridan Way, Atlanta, Georgia 30339.

Q. FOR WHOM ARE YOU PRESENTING TESTIMONY IN THIS DOCKET?

A. I am presenting testimony on behalf of the Village of Bald Head Island, the Bald Head Island Club, and the Bald Head Association (collectively referred to as the "Parties").

Q. DR. WRIGHT, PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science degree in Chemistry from Valdosta State College in 1974. I later earned an MBA in Finance from Georgia State University in Atlanta, Georgia, and a Masters and Ph.D. in Economics from North Carolina State University, where I focused on regulatory and environmental economics. I have completed the Michigan State University Regulatory Course, several National Association of Regulatory Utility Commissioners' courses on regulation, and various management and investment seminars.

I am the President of J. A. Wright & Associates, Inc. Prior to starting my practice, I was a Client Partner for AT&T Solutions, Utilities and Energy Practice. Before that affiliation, I was a Utility Consultant for three years with EDS. Prior to that, I was a Commissioner on the North Carolina Utilities Commission. I also served

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A. There are essentially two services provided by BHIT or its unregulated parent that I consider as being parking lot services. I use the term "parking lot services" simply because these services are interrelated to ferry passengers' parking at the ferry terminal on both the island and mainland side. To explain, on the mainland side passengers arriving at the ferry terminal must park their vehicle at the Deep Point Ferry Terminal. On the island side, because of a restriction on the use of cars and trucks on the island, passengers generally have two forms of motorized transportation. They may use their own golf carts, which when necessary they can park at the Bald Head Island Ferry Terminal. This is the second type of parking service provided by BHIT. To get around the island, in lieu of walking, biking or using golf carts, ferry passengers my use a tram service to and from the island ferry terminal to passenger destinations when arriving on or departing from the island. The tram service is currently included as part of the service provided under certain classes of ferry tickets, such as the General Service ticket. Parking on both the island and mainland side is provided for a fee exclusively by Bald Head Island Limited LLC ("BHIL"), the unregulated parent of BHIT.

Q. WHAT IS YOUR CONCERN REGARDING THESE PARKING SERVICES?

A. Parking for ferry passengers' vehicles at the Deep Point Ferry Terminal parking lots is an integral part of the ferry service offered to the public by BHIT and it should be treated as part of BHIT's regulated public utility service. Consequently, the revenues and expenses associated with the parking operations at Deep Point should be considered as part of the regulated business as opposed to the current

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situation, where all parking lot revenues and expenses flow to BHIT's unregulated parent.

Q. WHY DO YOU BELIEVE THE PARKING LOTS AND THEIR RELATED REVENUES AND EXPENSES SHOULD BE TREATED AS PART OF THE REGULATED SERVICES?

A. The parking lots are an integral part of BHIT's regulated public utility ferry service, but these services are currently an unregulated monopoly service provided to ferry passengers by and in conjunction with the ferry services provided by the regulated utility. By monopoly I mean that there are essentially no reasonable substitutes or alternatives for ferry passengers other than using the current parking lots at the Deep Point Ferry Terminal operated by BHIT's unregulated parent, BHIL. I base this conclusion on the very definition of monopolies and public utilities coupled with my knowledge of public utilities and regulation, my discussions with ferry passengers, my review of the ferry service facilities and surrounding facilities, and my own familiarity with the Southport, Wilmington, and the Bald Head Island area.

Q. PLEASE DEFINE WHAT YOU MEAN WHEN YOU USE THE TERMS MONOPOLY AND A REGULATED PUBLIC UTILITY.

A. The most straightforward definition of a monopoly is that it is "the only seller in a market."[1] Based on my review of the parking situation at the Deep Point Ferry Terminal and the surrounding area, it is obvious that the BHIT parking lots at the

[1] Binger, Brian R. and Hoffman, E.; "Microeconomics With Calculus," Scott, Foresmann and Company, Glenview, IL, 1988, p 99.

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Deep Point Ferry Terminal are the only parking available to a rider of the ferry. There is also no substitute service, such as bus service from another public parking facility, available to passengers utilizing BHIT's ferry service. Coupled with this definition of a monopoly is the related concept of a public utility, which is essentially a monopoly that should be regulated. A regulated public utility is essentially a monopoly that can be defined by the following characteristics:[2]

- Increasing economies of scale,
- The provision of essential or vital services,
- A capital intensive service,
- Most regulated public utilities sell services rather than goods (an exception is natural gas), which also means the services cannot usually be stored or transferred,
- Costs often vary by time-of-use, and
- Most public utilities have franchise or exclusive territories.

Both the ferry service ***and the parking services*** provided to Bald Head Island ferry passengers exhibit the characteristics associated with a regulated public utility – although only the ferry service currently has regulated rates.

Q. BASED ON THE FACT THAT THE COMMISSION DOES NOT CURRENTLY REGULATE ANY PARKING LOT SERVICES, DO YOU BELIEVE IT HAS THE AUTHORITY TO REGULATE THE PARKING LOT

[2] Bonbright, James C. et.al., "Principles of Public Utility Rates," Public Utility Reports, Inc., Arlington, VA, 2nd edition, 1988, pp 7-9.

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SERVICES PROVIDED AT THE BALD HEAD ISLAND FERRY TERMINALS?

A. Yes, this Commission has the authority to regulate the parking services that are related and an integral part of the currently regulated ferry services and I believe it should regulate these services until there are comparable, competitive parking structures within close proximity or a reasonably available parking lot substitutes available for ferry passengers. Under NCGS § 62-3(23)(a)(27), a public utility's services are defined as including:

> [A]ny service furnished by a public utility, including any commodity furnished as a part of such service and *any ancillary service or facility used in connection with such service.*

(emphasis added).

I believe that the provision of parking services to BHIT's ferry passengers is an "ancillary service" and the parking lot facility at Deep Point is an "ancillary facility" essential to and "used in connection with" the provision of the related ferry service. Indeed, if one argues that the parking service is not essential to the provision of ferry service to Bald Head Island, then one also has to conclude that ferry passengers arriving at the Deep Point terminal have made use of one of two modes of transport. Option one would be an alternative public parking lot with transportation to the ferry terminal, which simply does not exist. Option two would be an alternative ferry or marine service to get to the island, and this simply does not exist either.[3]

[3] If one argued that the ferry passengers could take their own boat, this is on its face a ludicrous argument. However, if one were to argue this point, this assumes there is a marina on Bald Head Island that can accommodate the 1,200 or so individual boats, one for each current island owner, who might need to park their boat at this non-existent marina.

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SUMMARY OF DIRECT TESTIMONY OF DAVID SAWYER ON BEHALF OF THE BALD HEAD ISLAND CLUB, INC.

My name is David Sawyer and I am Chief Executive Officer of the Bald Head Island Club, Inc.

My testimony is submitted on behalf of the Bald Head Island Club and its wholly owned subsidiary, the Shoals Club, which I will collectively refer to as the "BHI Club".

The BHI Club supports the Village of Bald Head Island's request that the Commission regulate the parking operations of Bald Head Island, Ltd. (“Limited”) at the Deep Point Marina ferry landing on the mainland as an integral part of BHI Transportation’s public utility ferry service.

The BHI Club also supports the Village's request for regulation of Limited's barge operation as a common carrier service.

The BHI Club and the Shoals Club are owned by their members. The BHI Club currently has 1,261 member families and the Shoals Club currently has 816 member families.

At the time my testimony was filed the BHI Club employed 285 people. Virtually all of the Club’s employees, including myself, live off the island in Brunswick or New Hanover County and use Limited’s parking facilities and BHIT's ferry system to get to work.

I believe that the BHI Club is the largest customer of what I consider to be an integrated transportation system serving Bald Head Island, consisting of parking at the mainland ferry landing, the ferry service, and the barge service.

In 2021 the two clubs spent nearly one million dollars on parking fees, ferry tickets, barge fees, and storage charges for facilities provided by or leased from Limited. This included $641,127 for employee transportation on the passenger ferry, $179,720 in parking fees, $101,743 in barge fees and $31,200 for leasing warehouse space at Limited's Deep Point Barge Terminal.

BHI Transportation's passenger ferry operation is an essential service that is critical to the existence of Bald Head Island. The island is only assessable to the vast majority of the public by using the ferry service. Because the ferry doesn't transport automobiles, ferry passengers must leave their automobiles at the Deep Point ferry landing, in parking lots owned and operated by Limited.

The parking facilities at the Deep Point ferry landing are an indispensable, integral and essential part of Transportation’s ferry operation – as a practical matter you cannot ride the ferry if you don’t park your car at the Deep Point ferry landing.

Likewise, Limited's barge service is the exclusive means for transporting all operating supplies and equipment required for operation of the BHI Club, including food and beverage supplies, other supplies and equipment, as well as household goods to the island. The goods transported for the BHI Club include furniture, appliances, and furnishings required for operating club facilities.

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Limited's barge also transports furniture, appliances, supplies and other household goods to the island for club members owning homes on the island. These goods typically travel in trucks with drivers that ride over on the barge.

The parking operation at the mainland ferry terminal is indispensable to use of the ferry service. Transfer of the parking and/or the barge operations to an unregulated entity with a monopoly on the charges to be imposed for parking and barge services, without the economic development motivations and interests that moderated Limited's use of its parking and barge monopoly in the past, is a terribly troubling prospect for all island interests.

Bald Head Island needs dependable ferry and barge service at reasonable prices, and the prospect of being held hostage through the pricing set by an unregulated monopolist that is the only source for these indispensable services does not bode well for the BHI Club, homeowners or other island businesses and interests.

BHI Club employees, like nearly all people who travel to Bald Head Island, are captive customers of the passenger ferry and Limited's parking operations at the mainland ferry landing.

Likewise, BHI Club has no option other than to use Limited's barge operation to get supplies, materials, and other household good that we need to operate from the mainland to Bald Head Island. As the largest user of these various parts of this transportation system, BHI Club believes the entire system should be regulated as a public utility operation in a fashion that provides a reasonable profit to the system owner and ensures that adequate and dependable services are provided to businesses, employers and vendors and island stakeholders at reasonable rates.

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PLACE: Dobbs Building, Raleigh, North Carolina
DATE: Tuesday, October 11, 2022
TIME: 2:00 p.m. - 5:30 p.m.
DOCKET NO: A-41, Sub 21
BEFORE: Commissioner ToNola D. Brown-Bland, Presiding
Commissioner Daniel G. Clodfelter
Commissioner Kimberly W. Duffley
Commissioner Jeffrey A. Hughes
Commissioner Floyd B. McKissick, Jr.

IN THE MATTER OF:

Village of Bald Head Island,

Complainant

V.

Bald Head Island Transportation, Inc.,
and Bald Head Island Limited, LLC,

Respondents

Volume 3

NORTH CAROLINA UTILITIES COMMISSION

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Exhibits 1 and 2	

seen the exhibits, but presumably it is, and they were marked confidential, Attorneys' Eyes Only for purposes of production.

COMMISSIONER BROWN-BLAND: And from what was stated on the record yesterday, is it your understanding that these would still fall under a confidentiality?

MR. SCHAUER: Yes. Based on the conversation of the party, these are still subject to full confidentiality.

COMMISSIONER BROWN-BLAND: All right. Well then, I will hold Mr. Ferrell to make sure that -- at this time I will close the room to everyone except those who are entitled by agreement to have access to confidential information.

(CONFIDENTIAL SESSION BEGINS)

[redacted]

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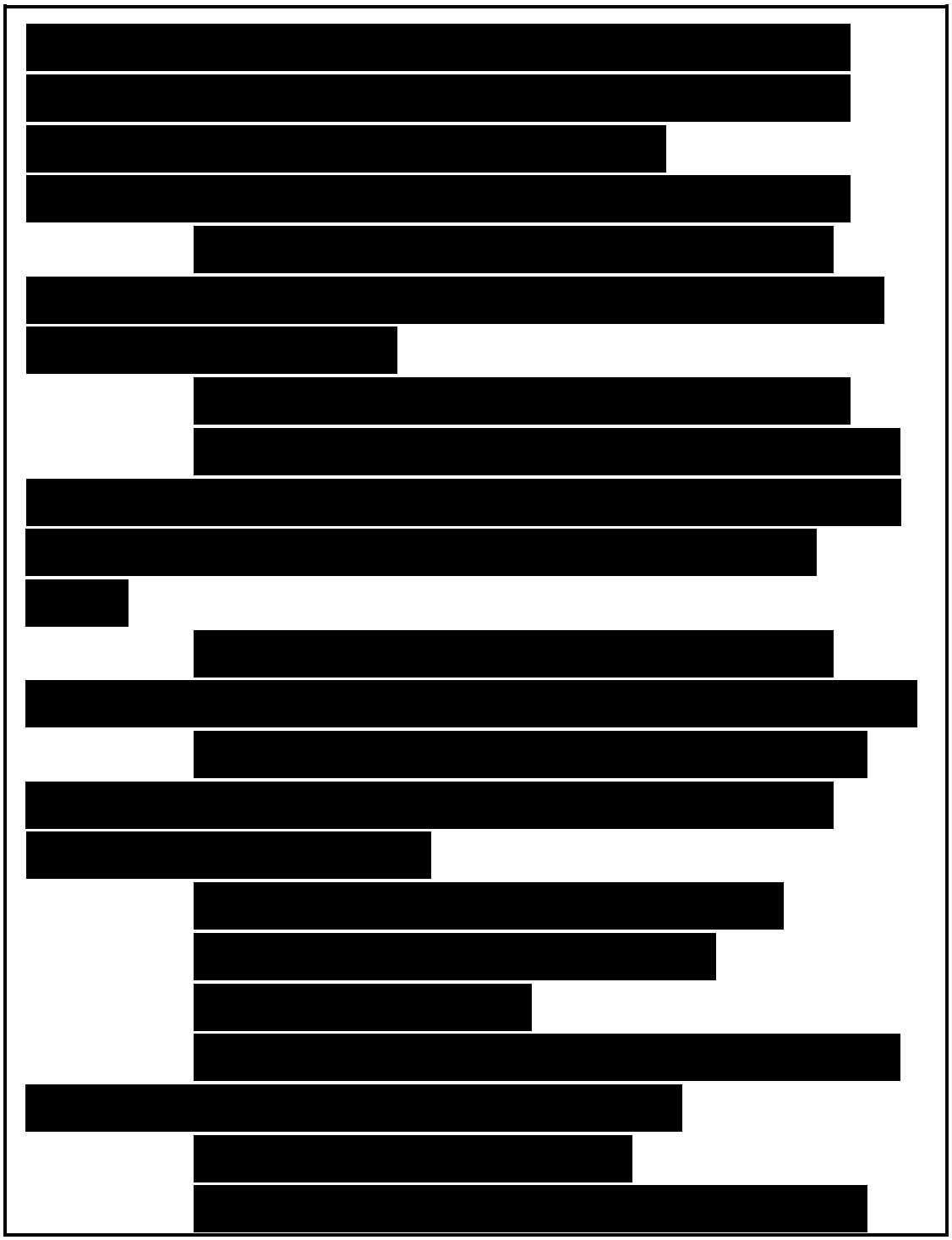

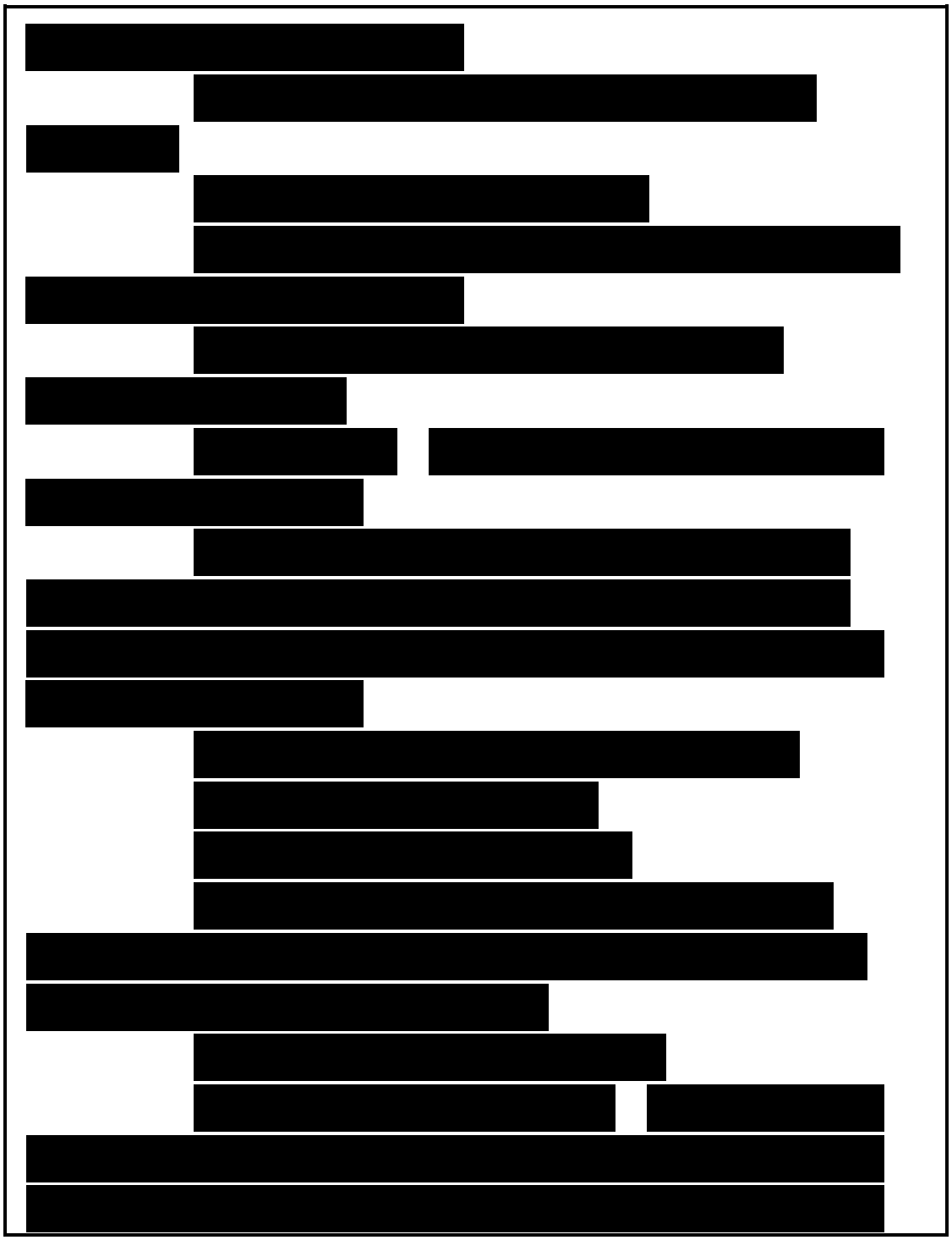

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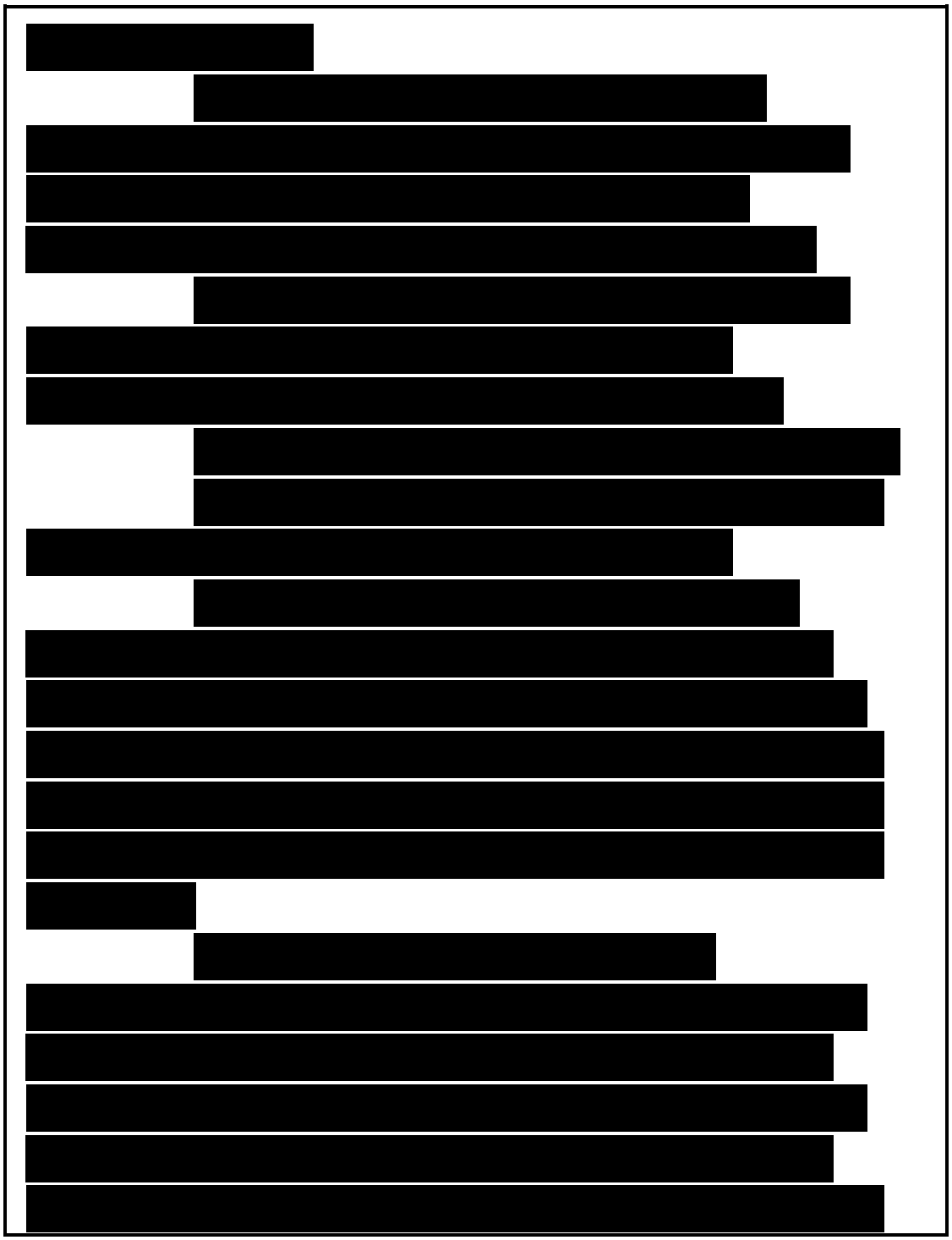

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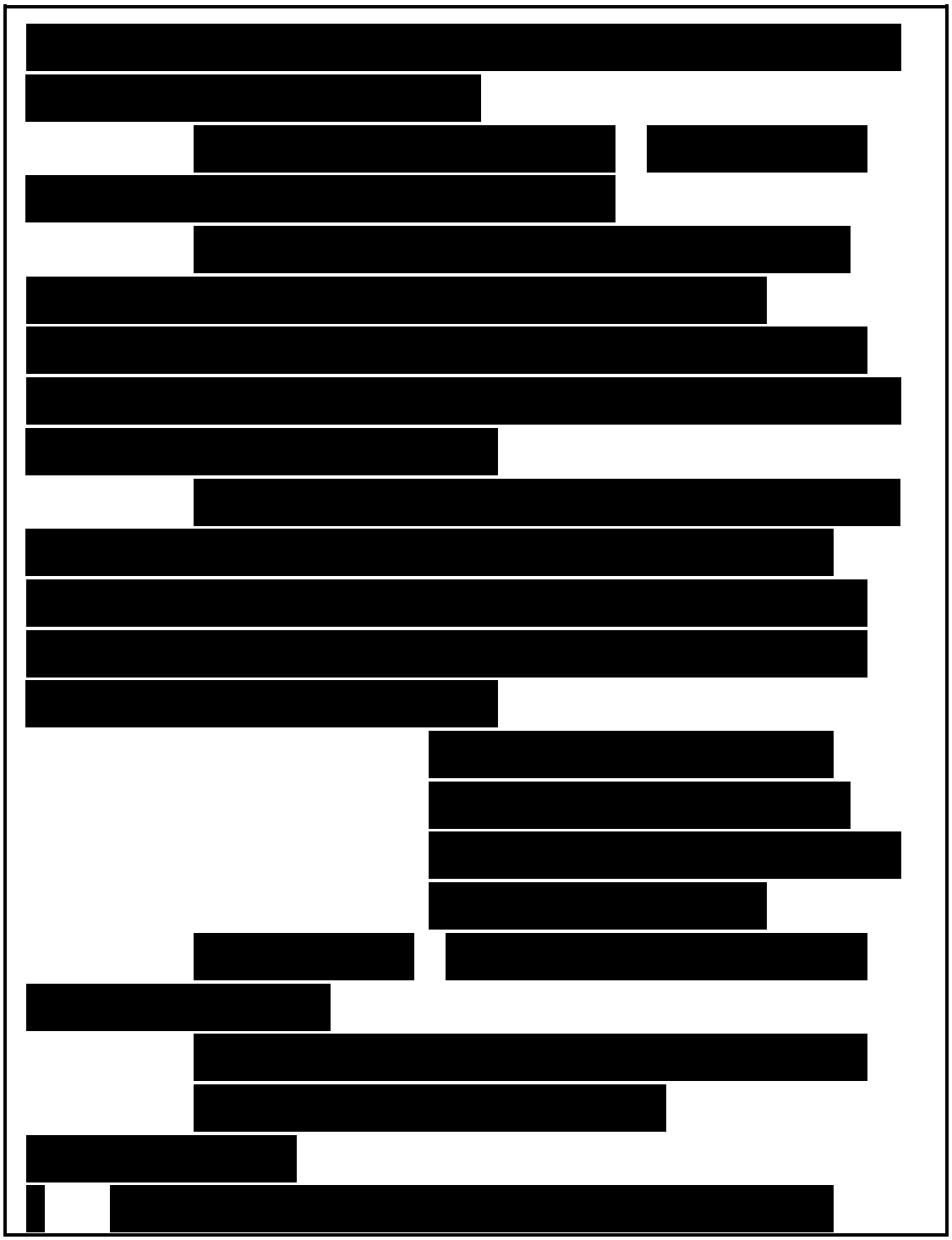

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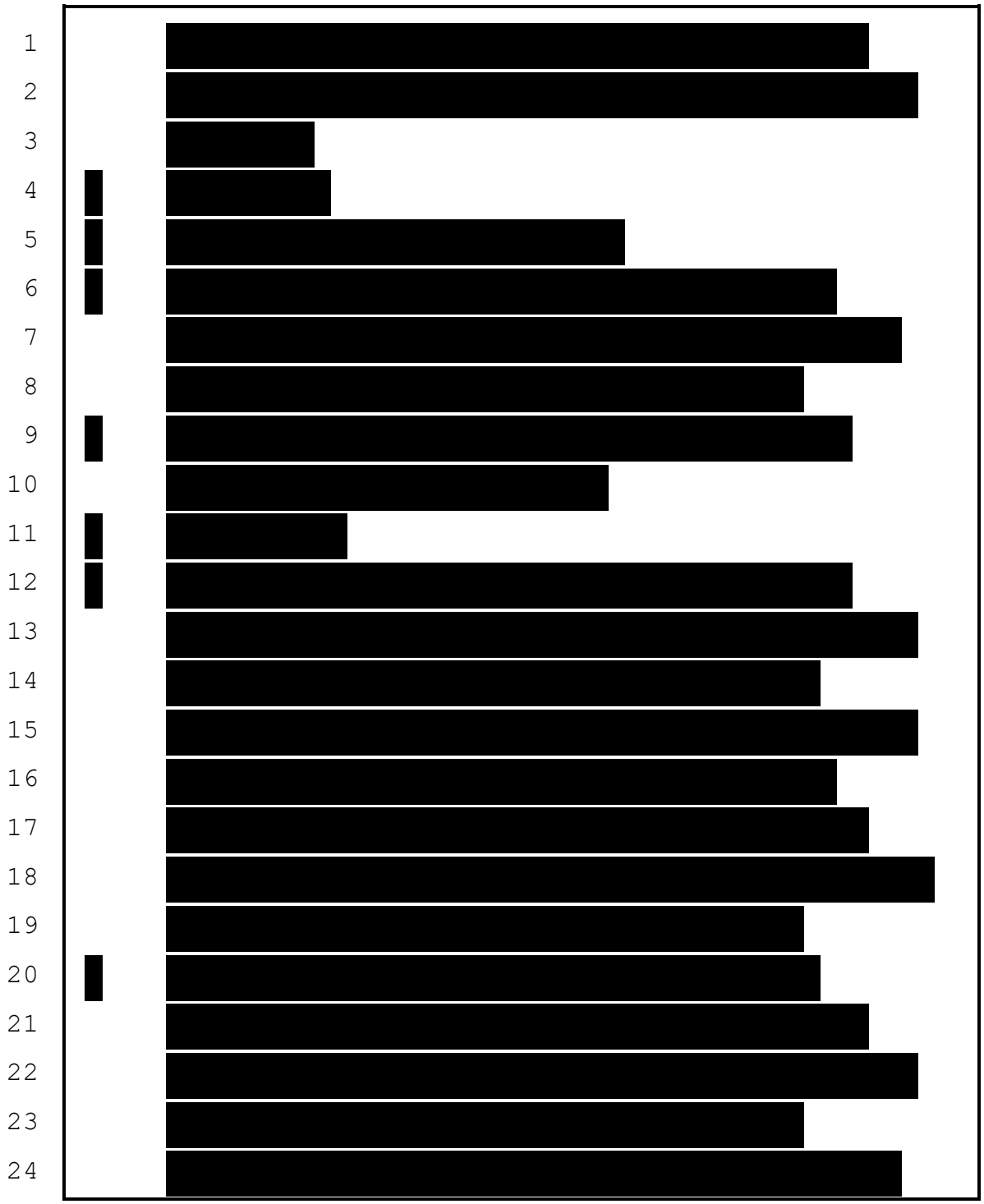

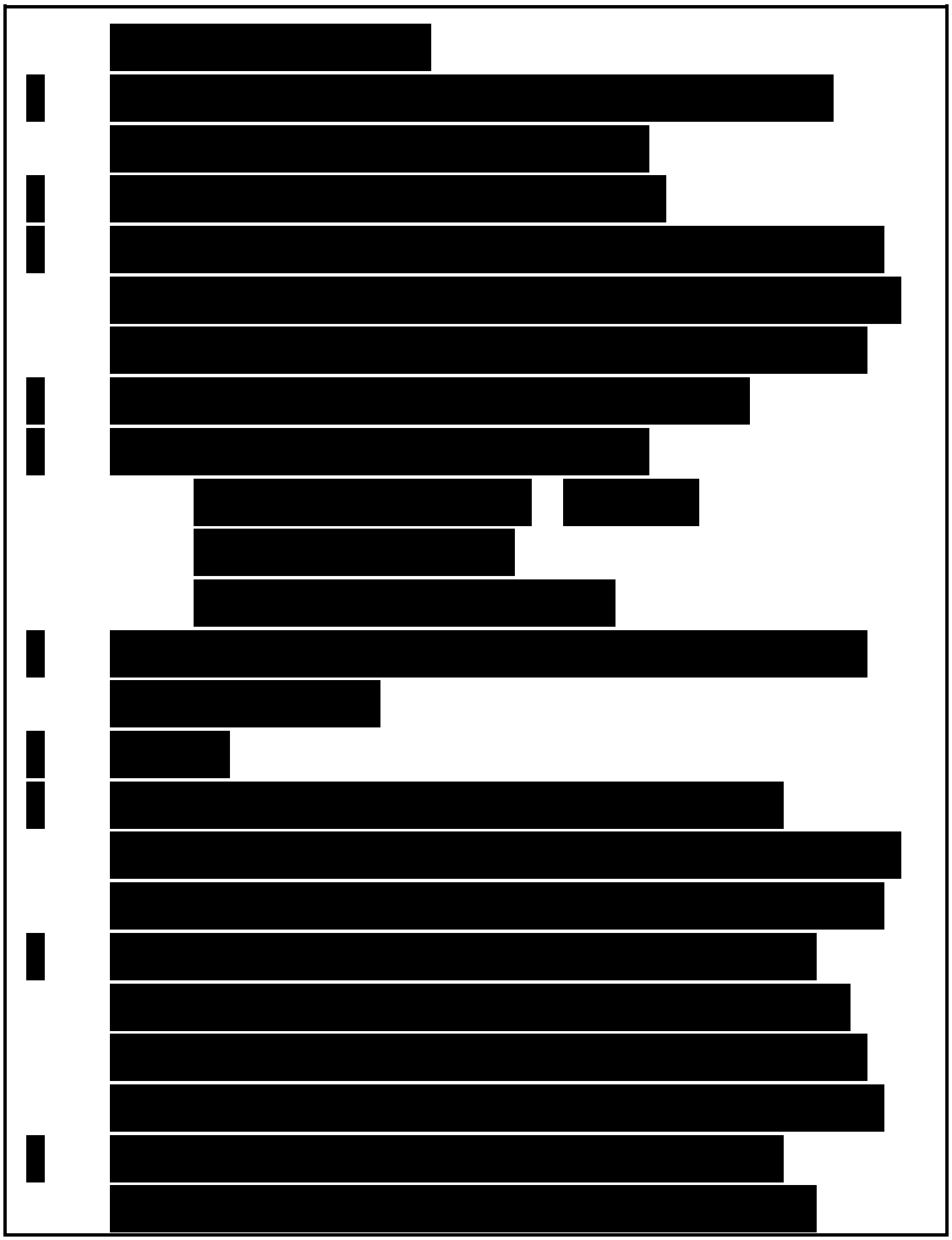

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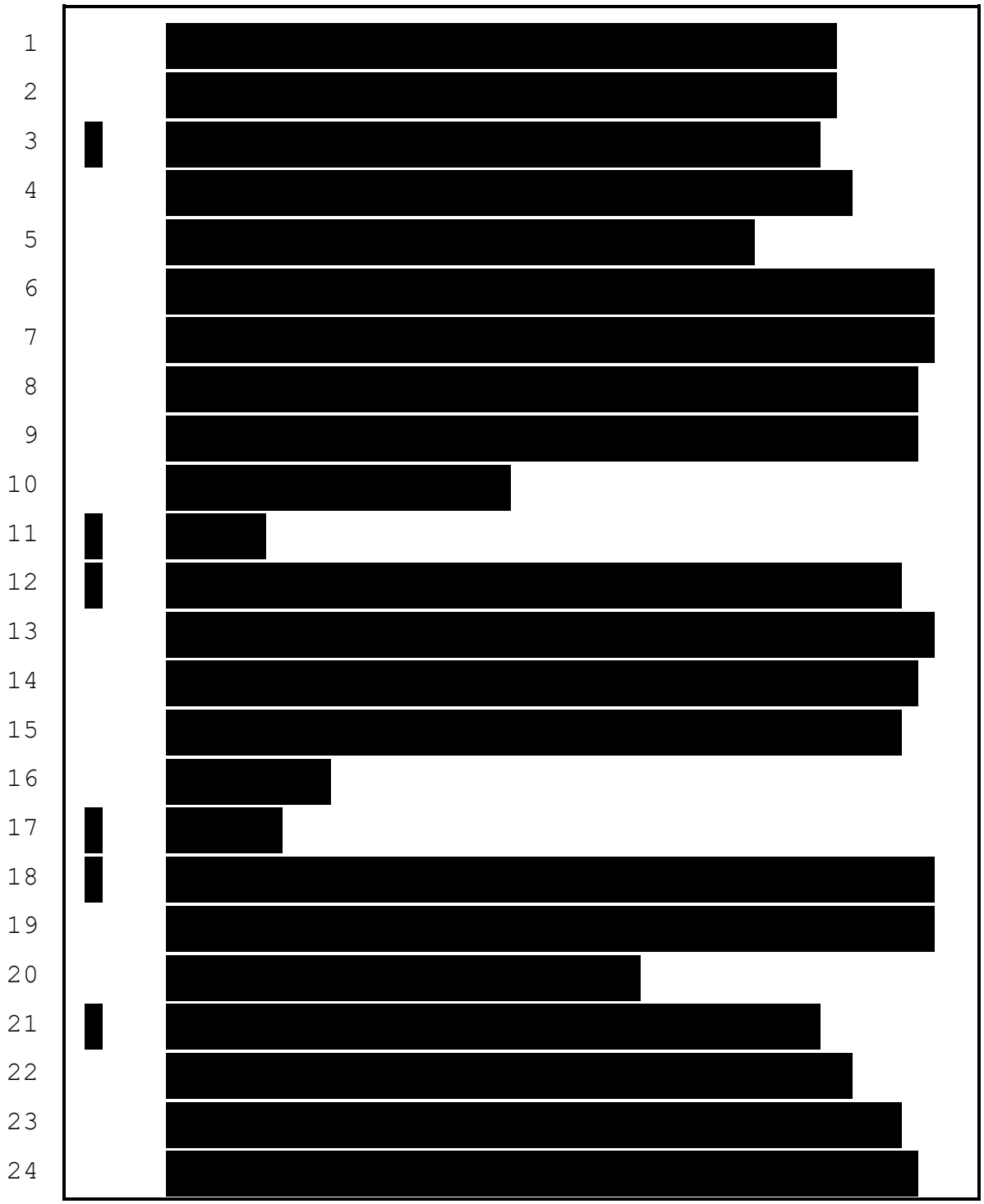

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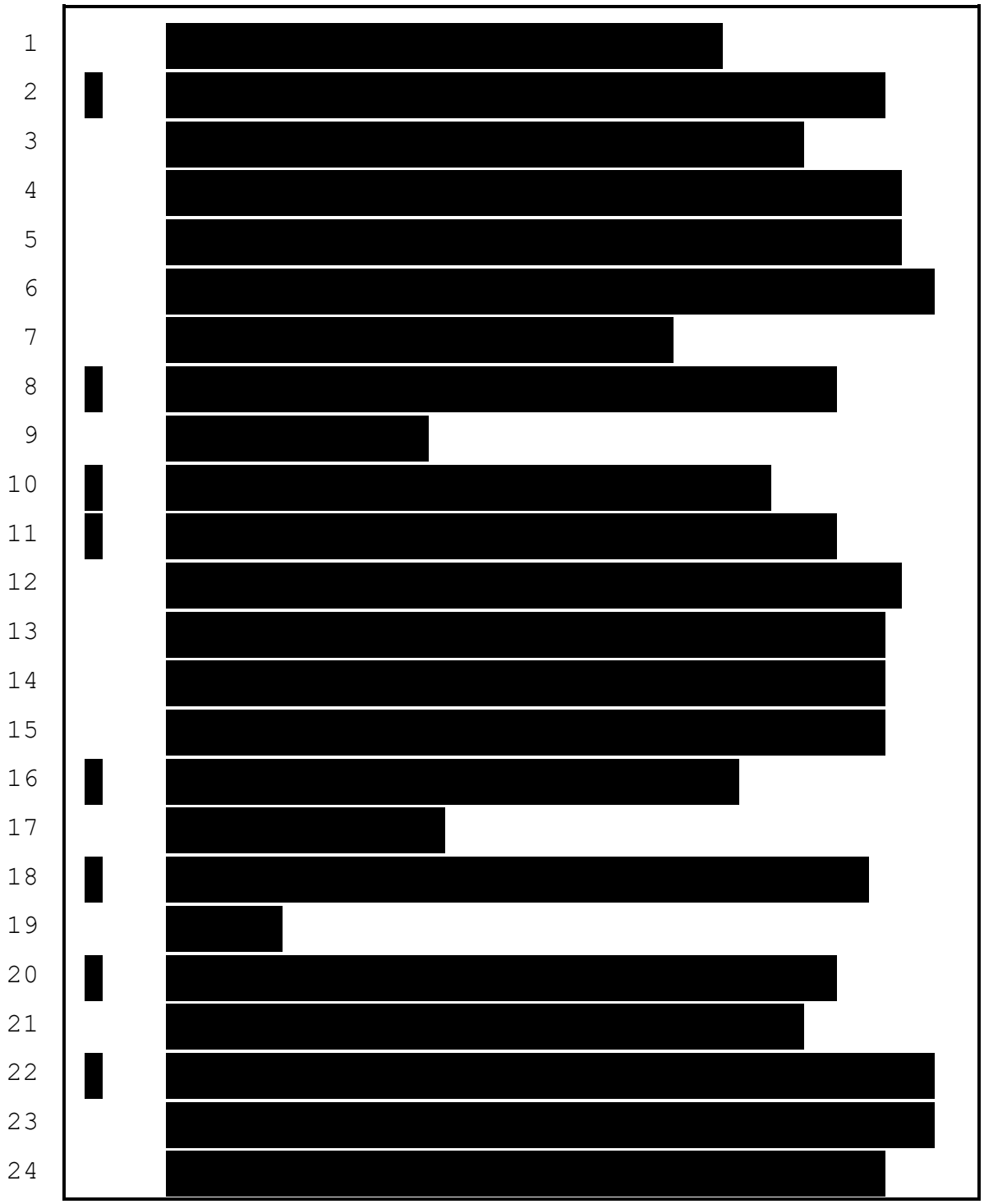

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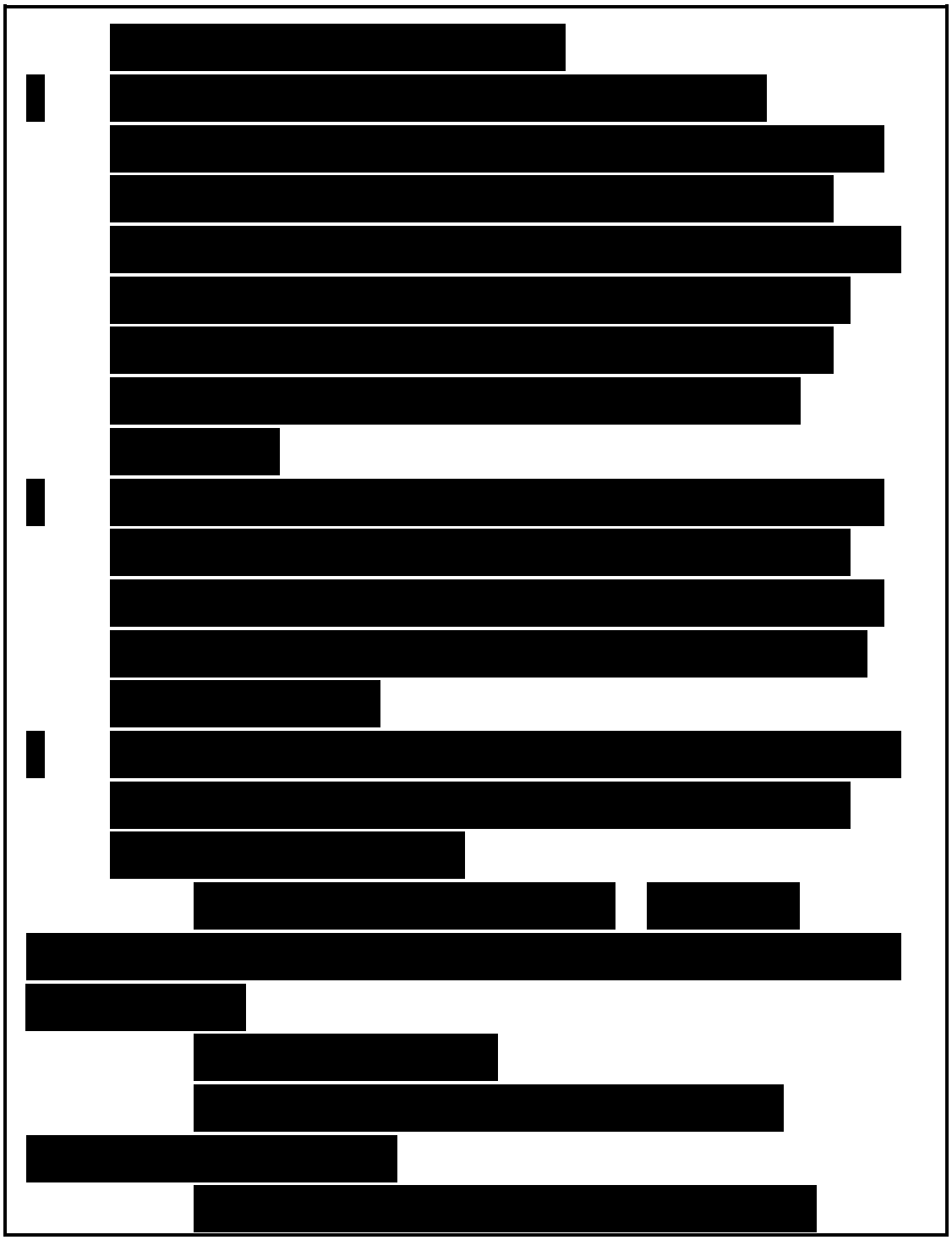

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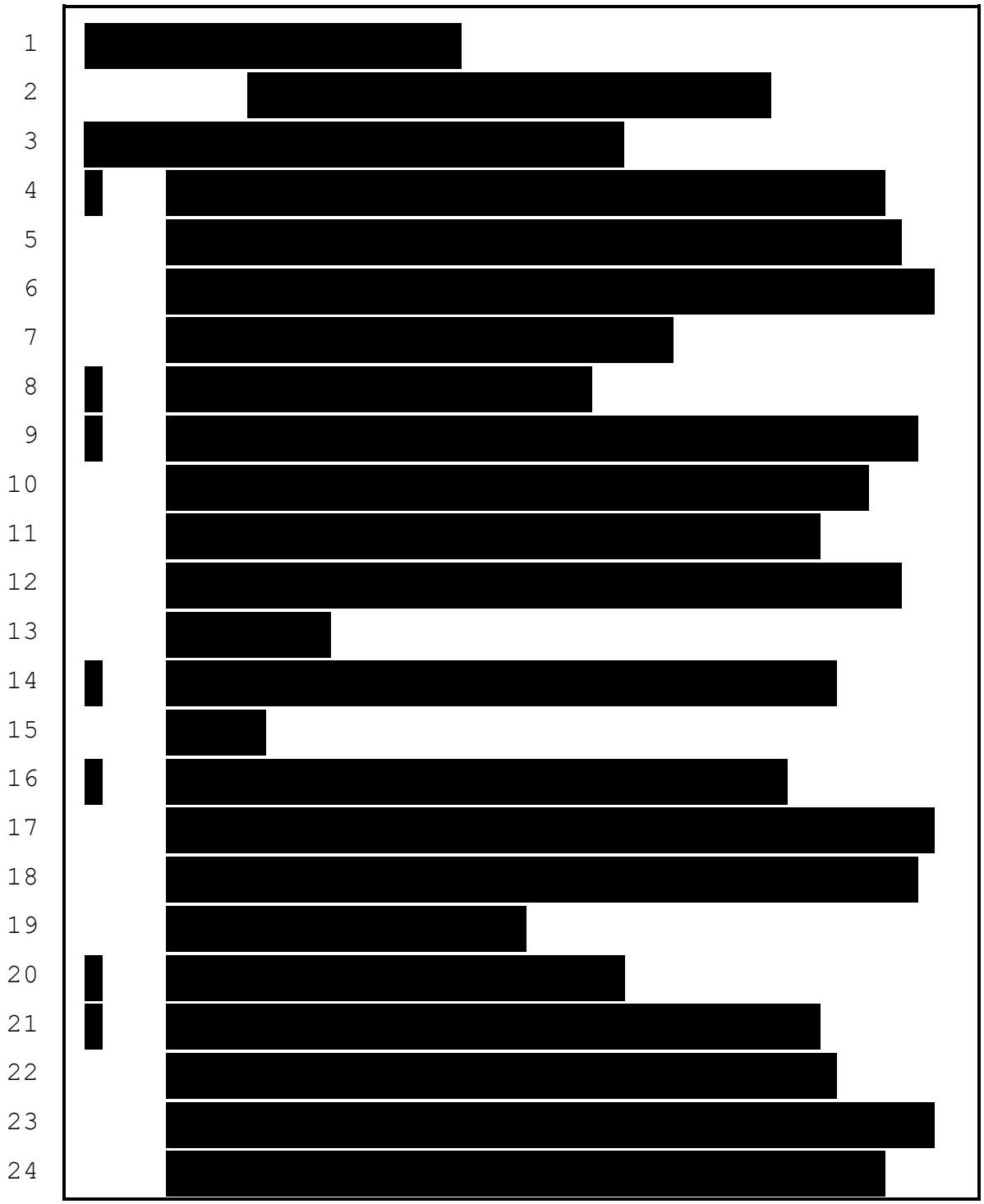

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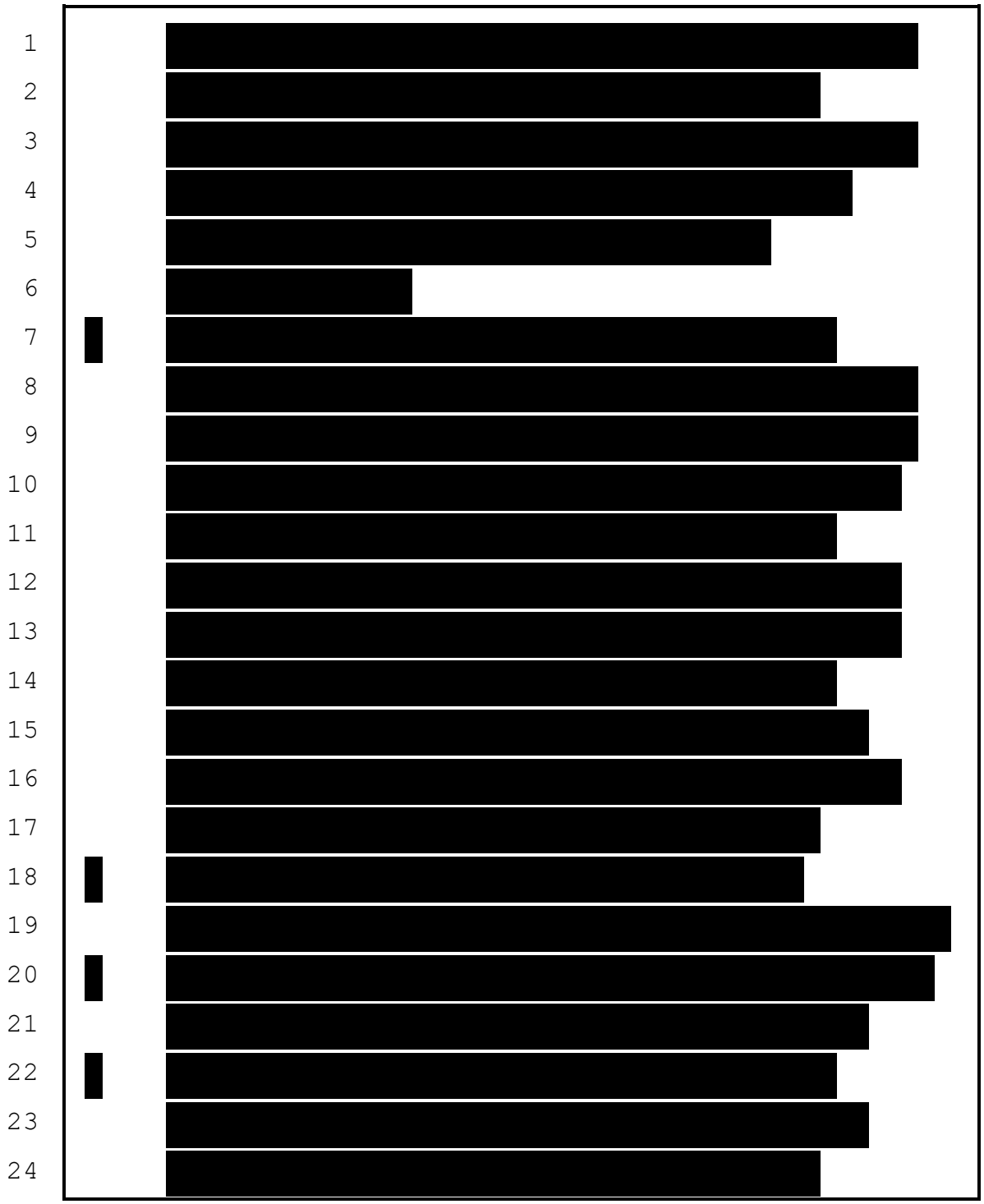

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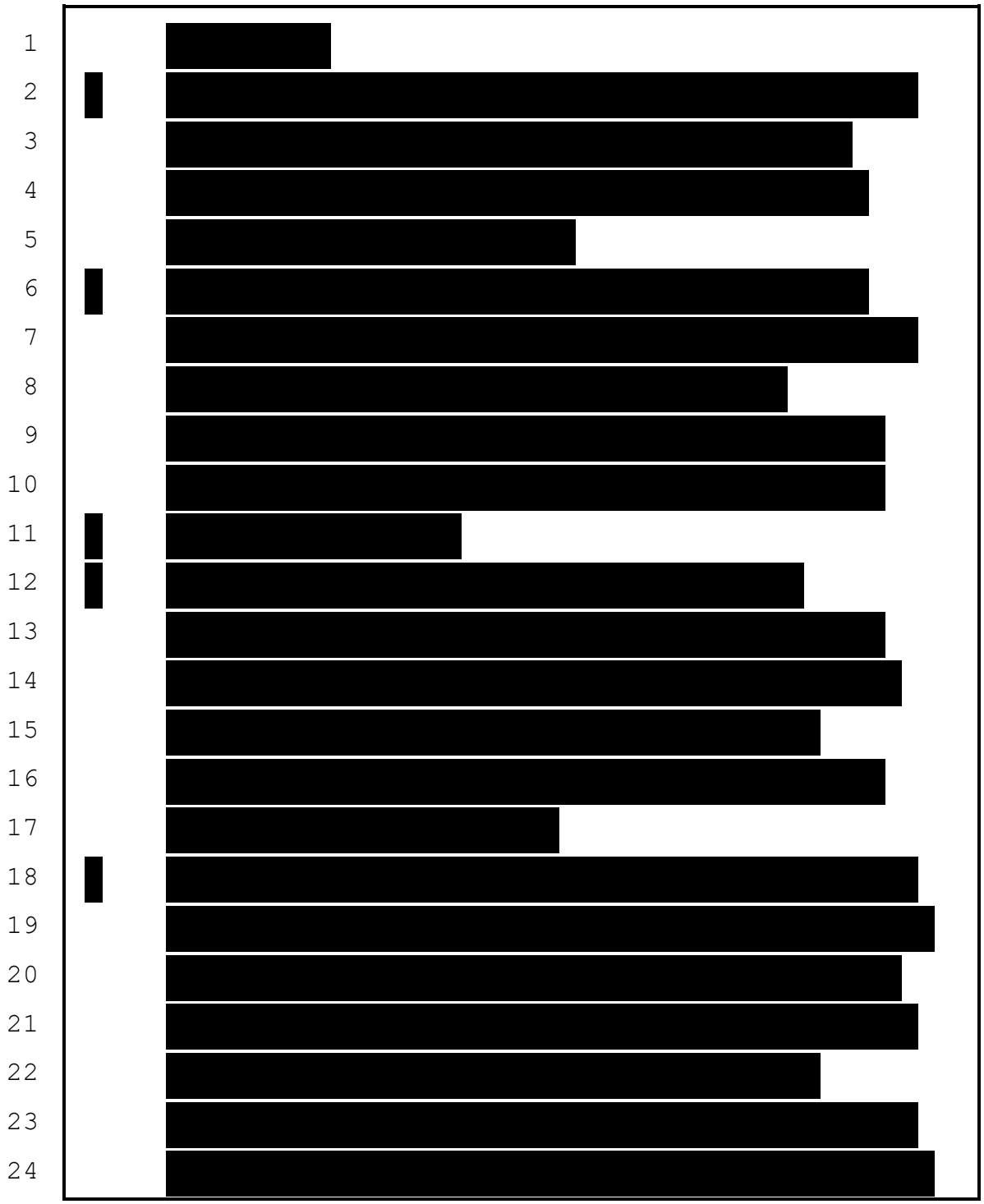

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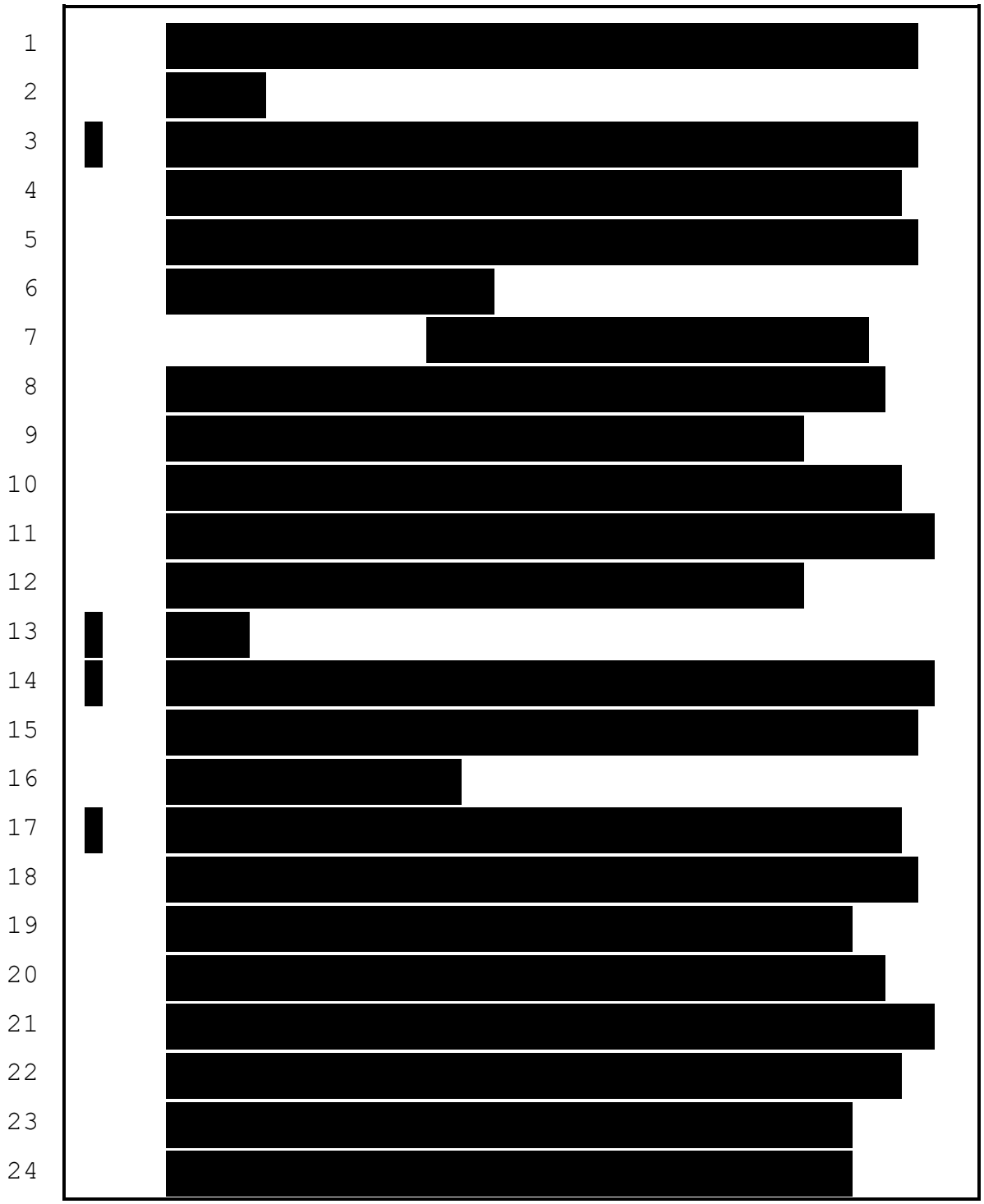

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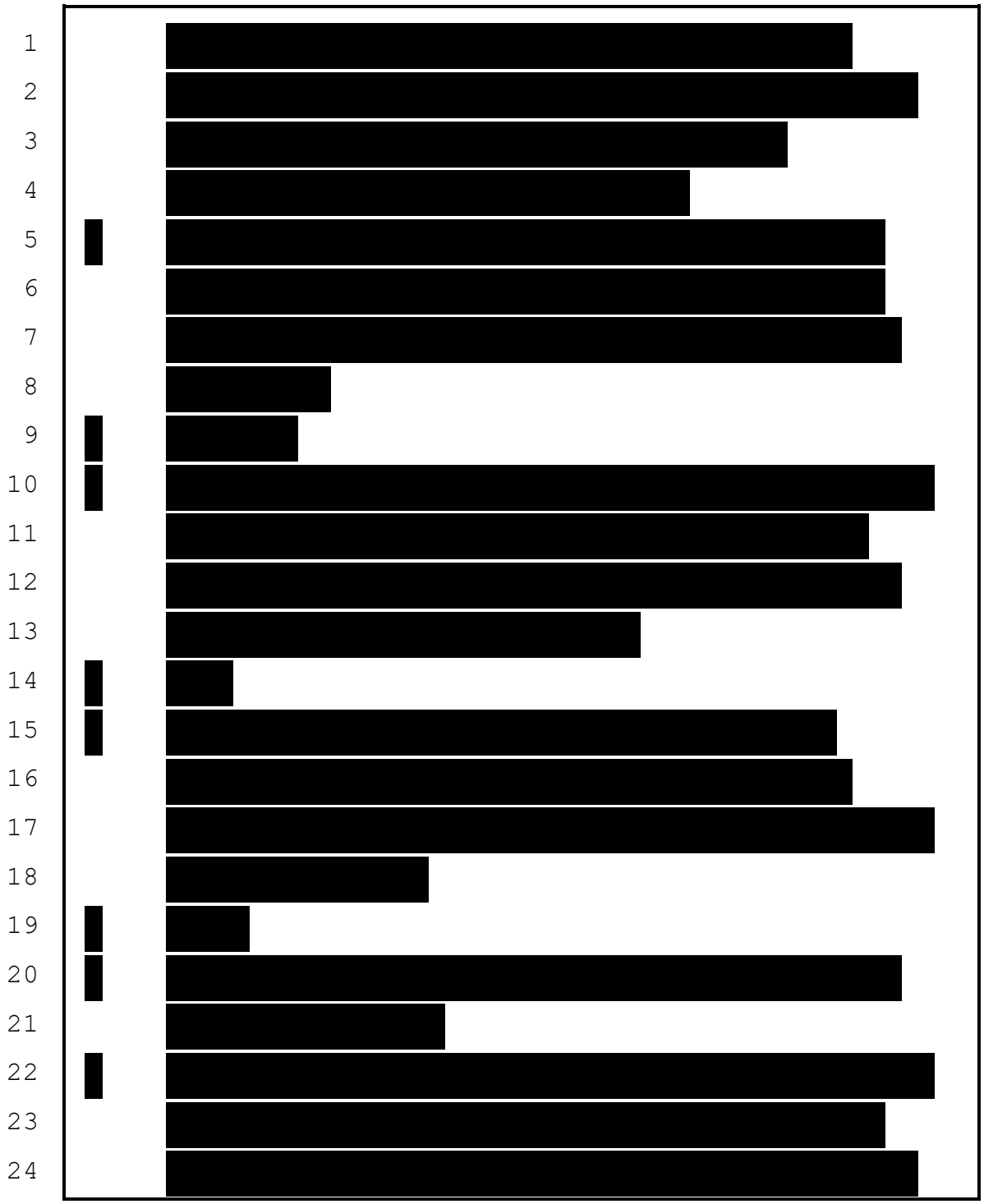

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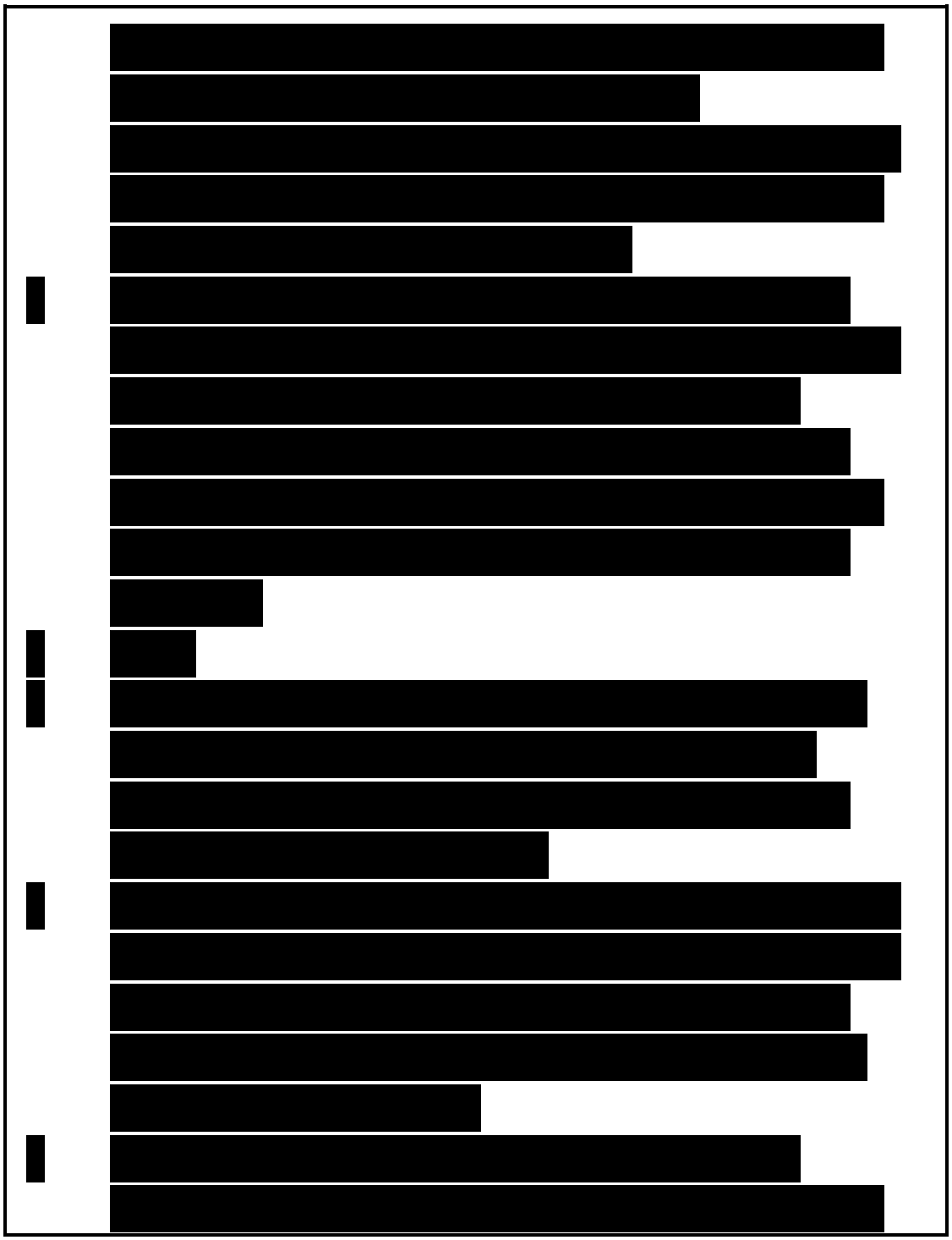

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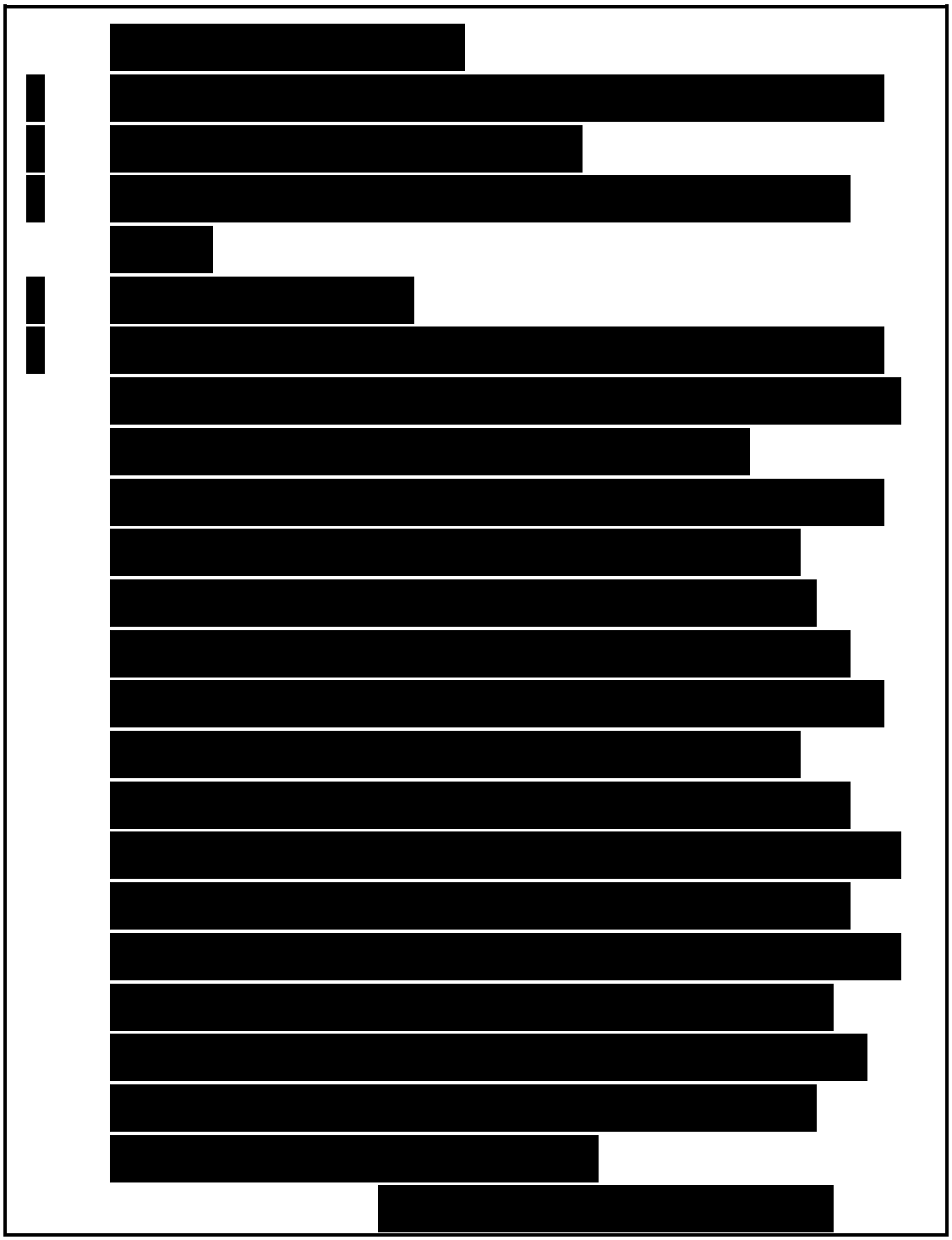

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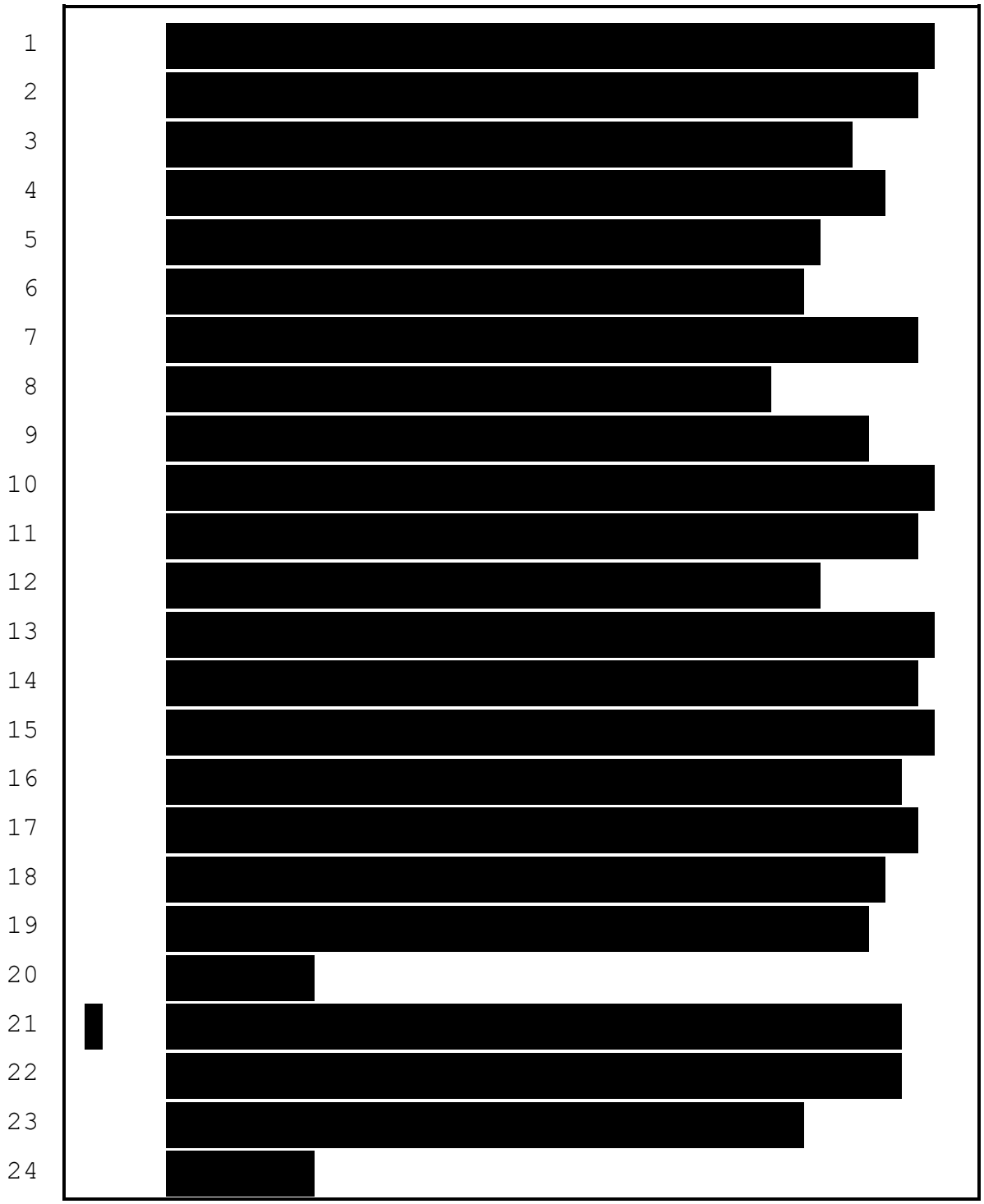

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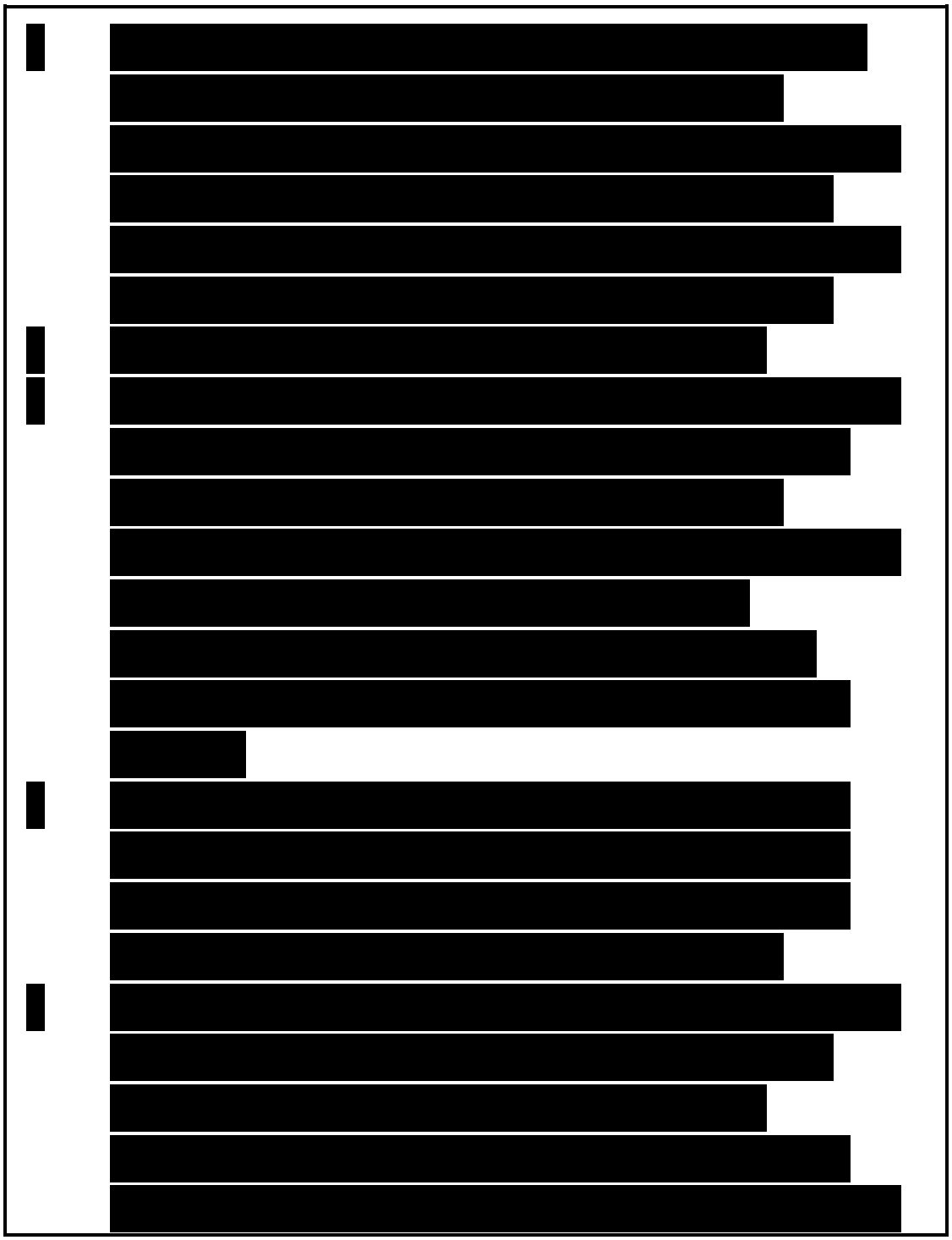

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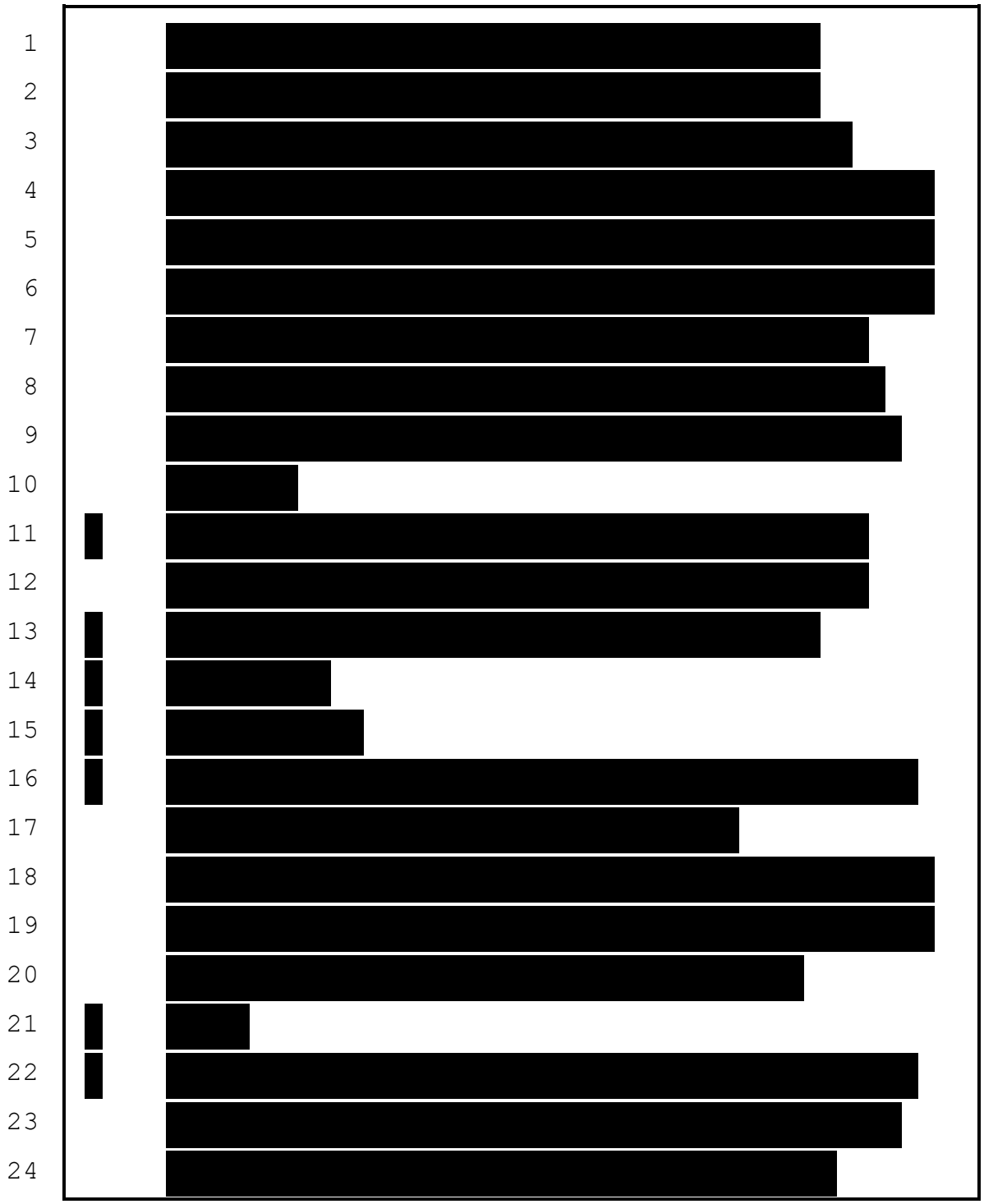

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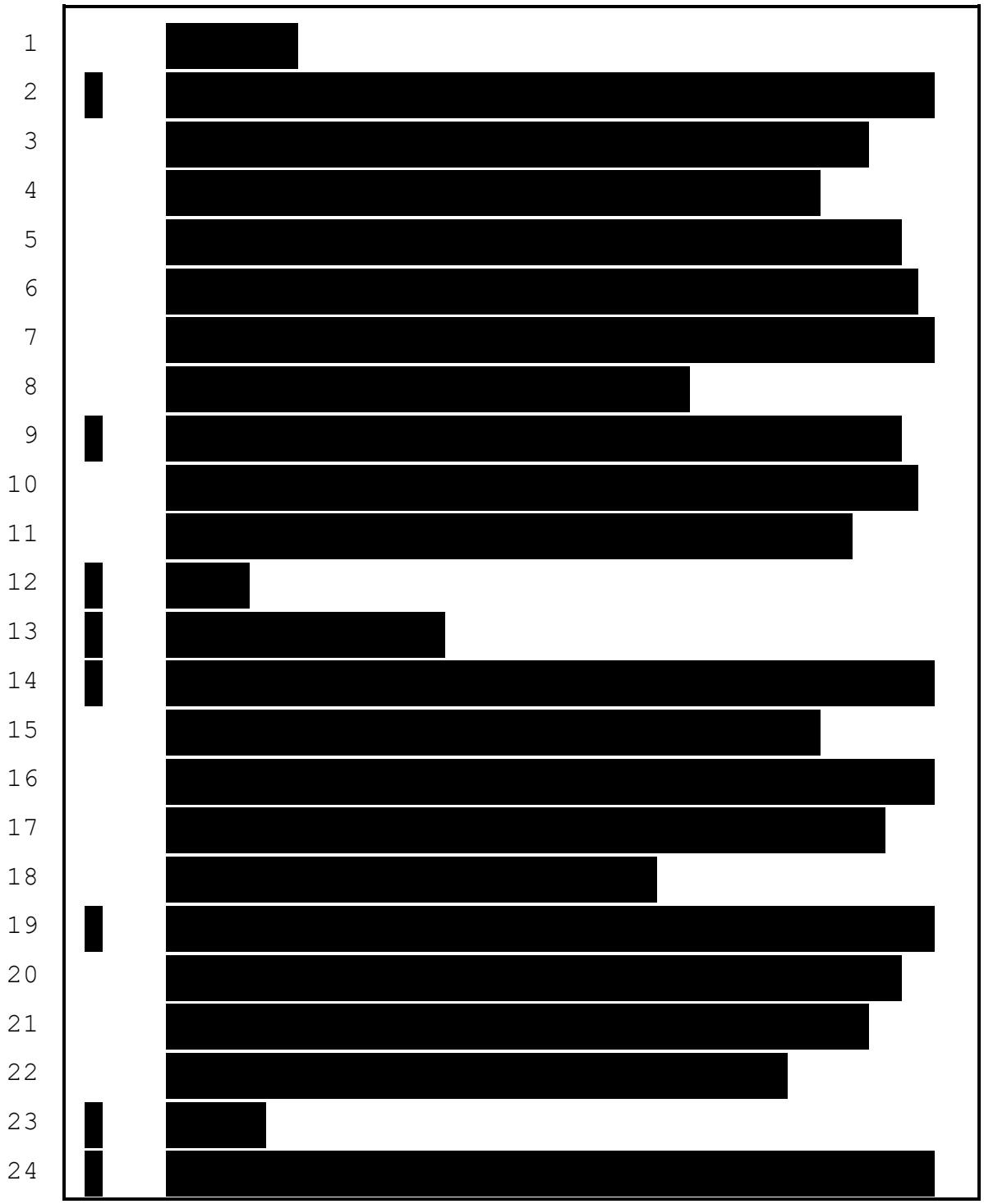

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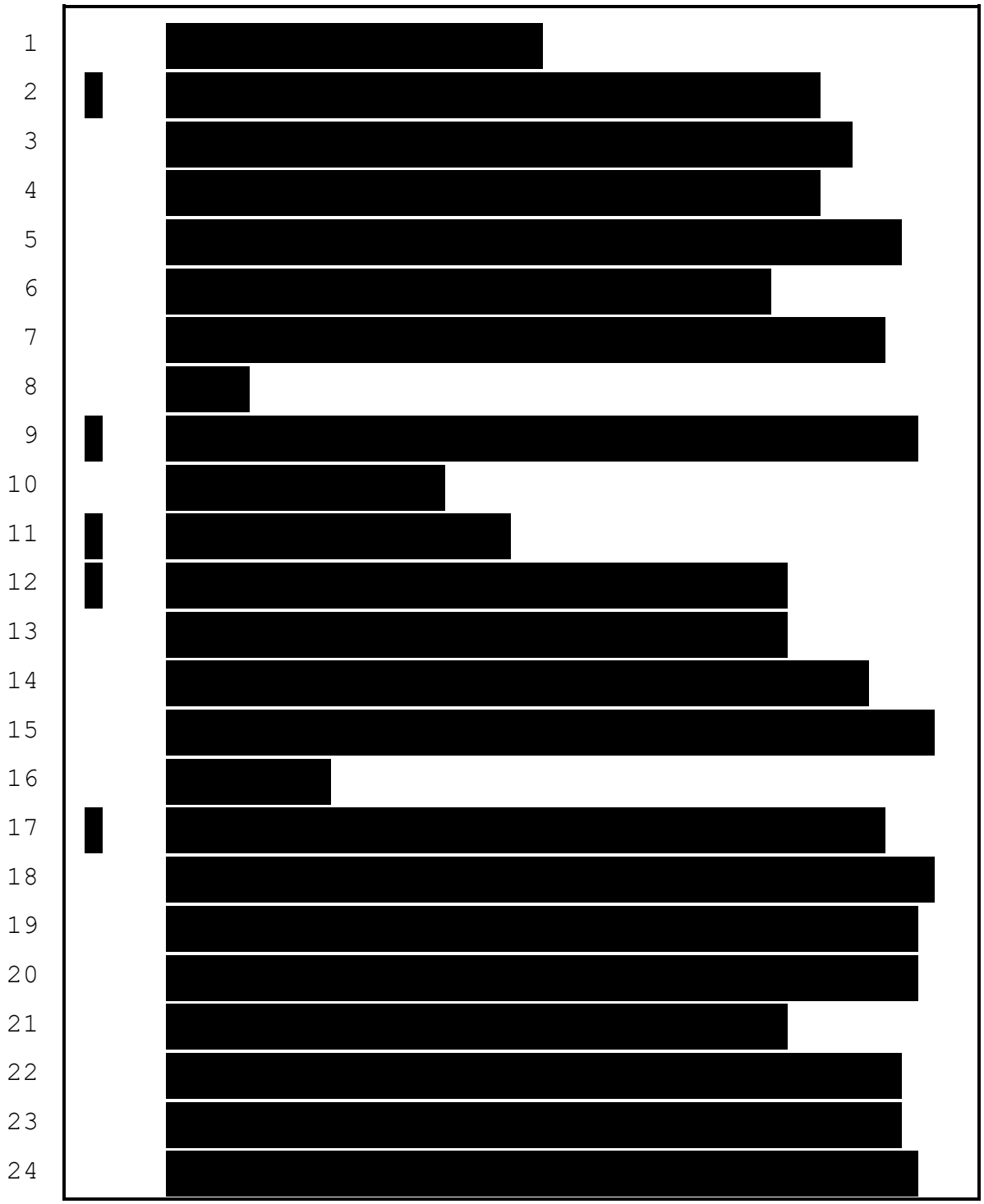

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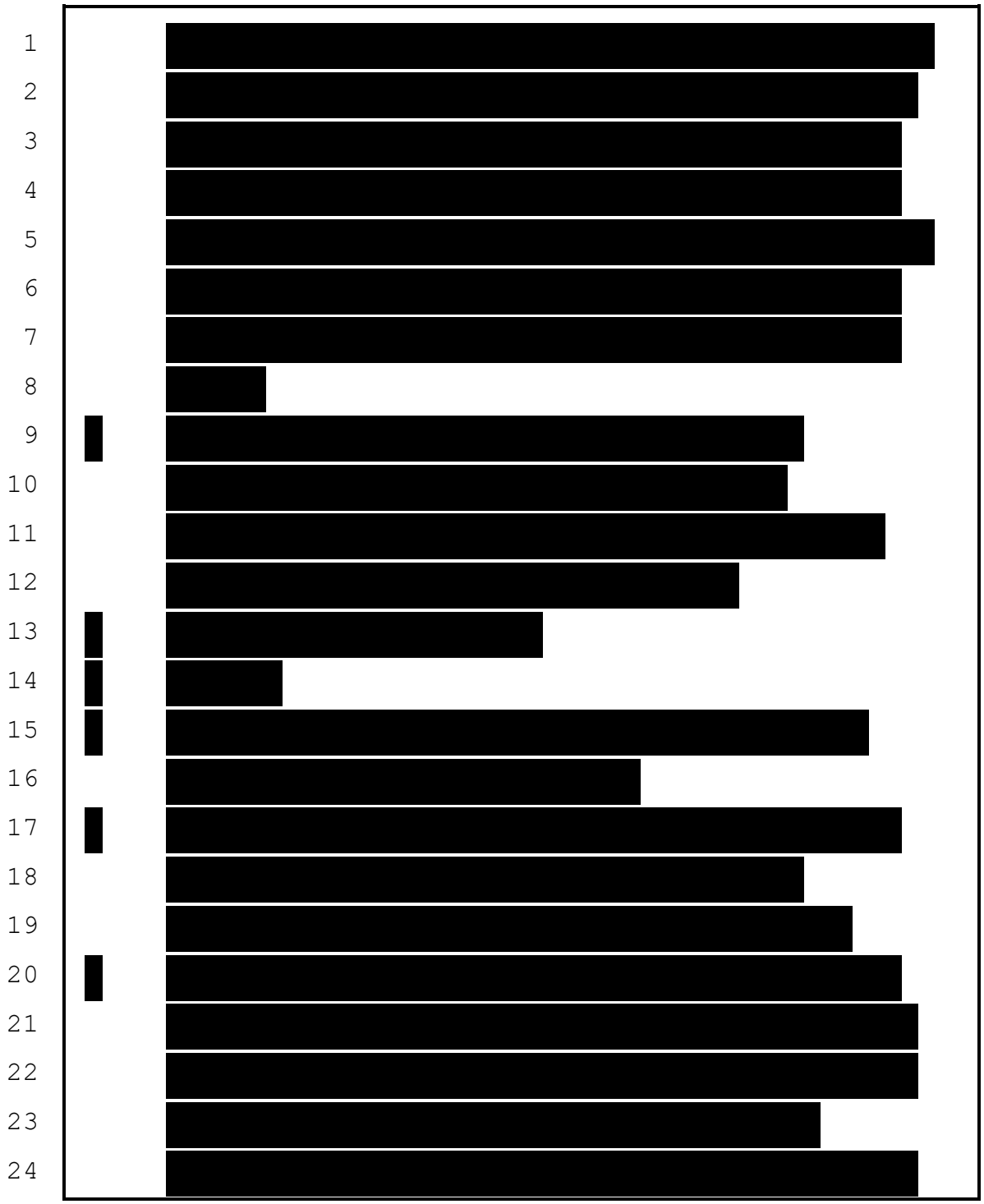

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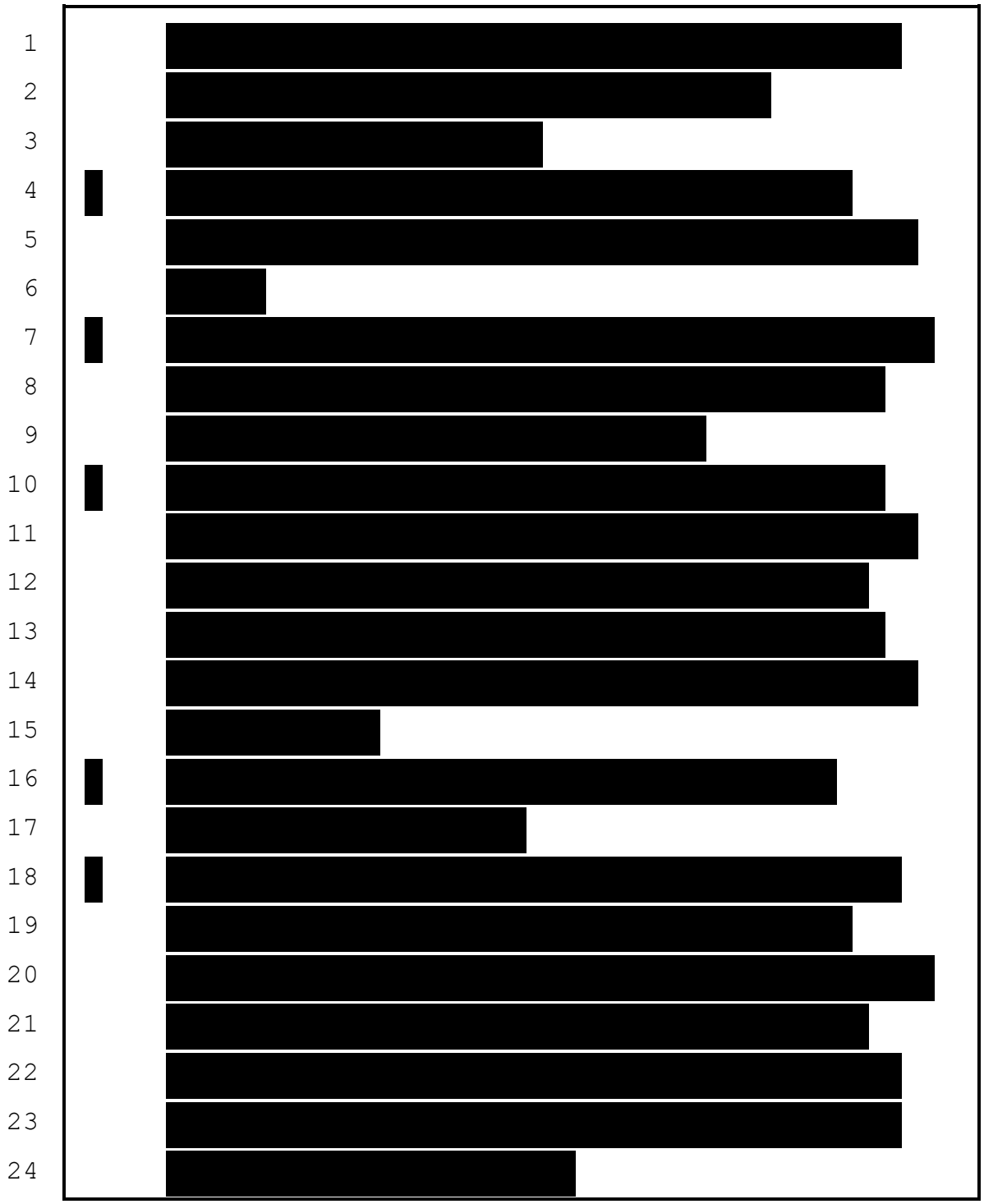

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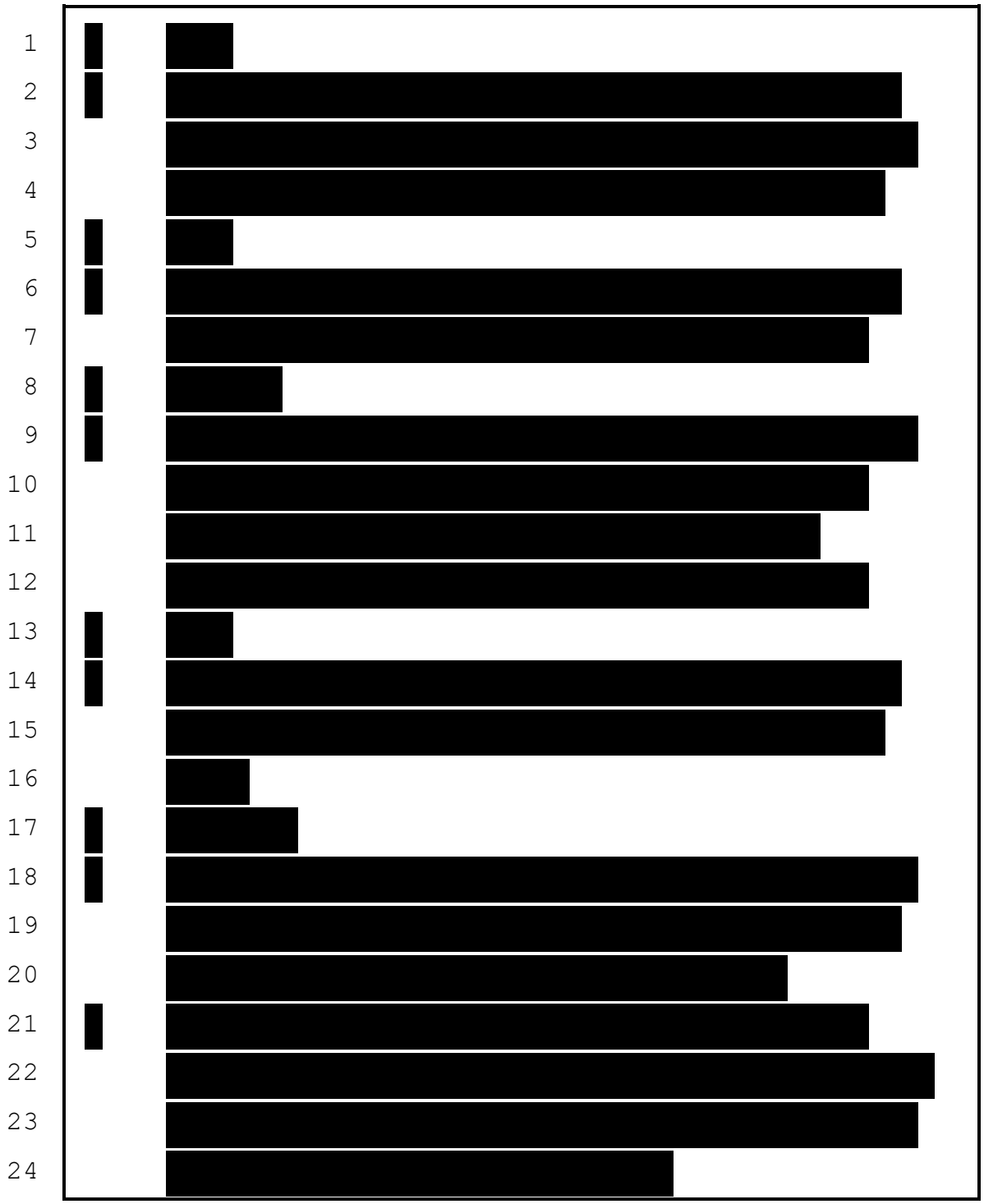

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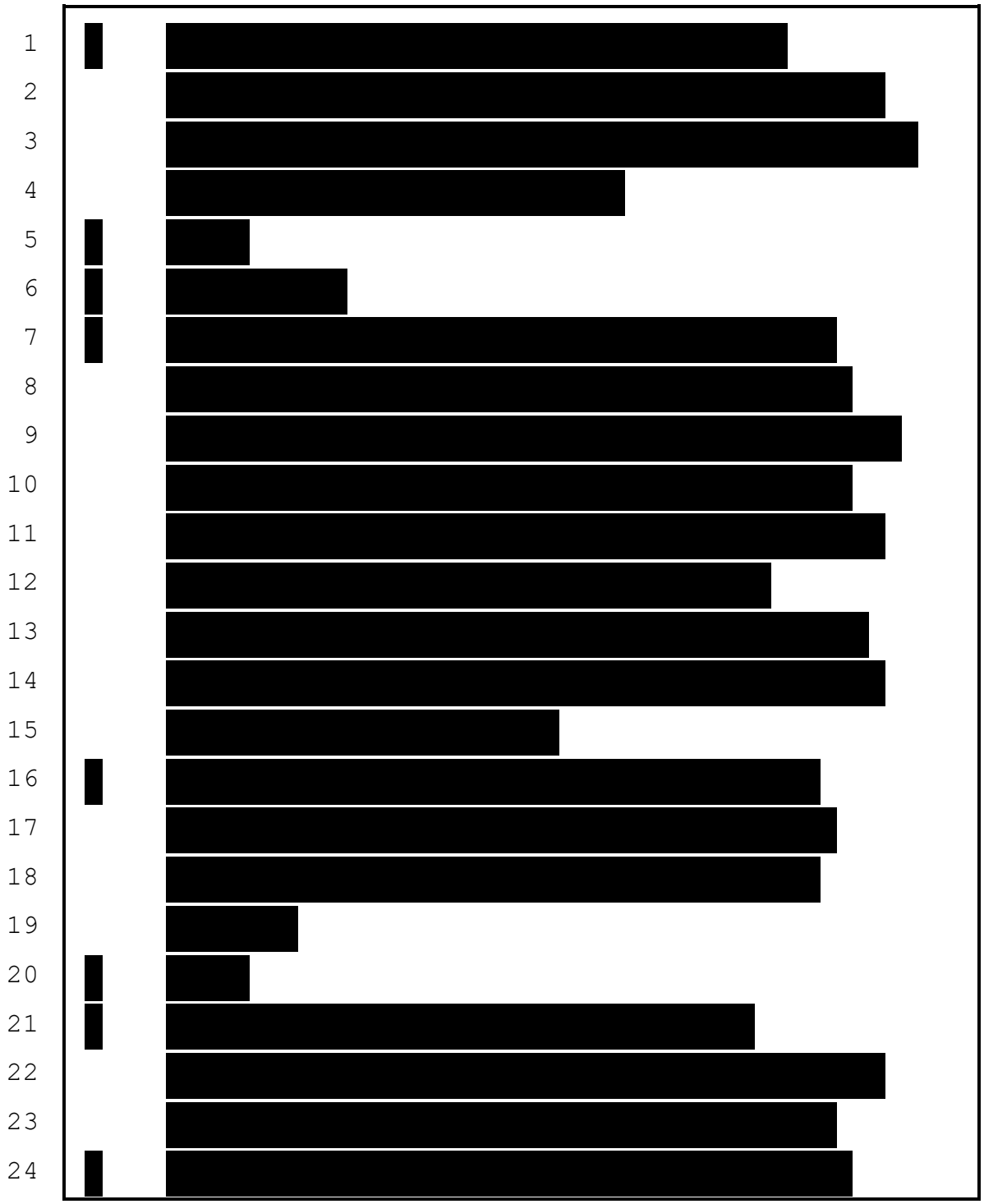

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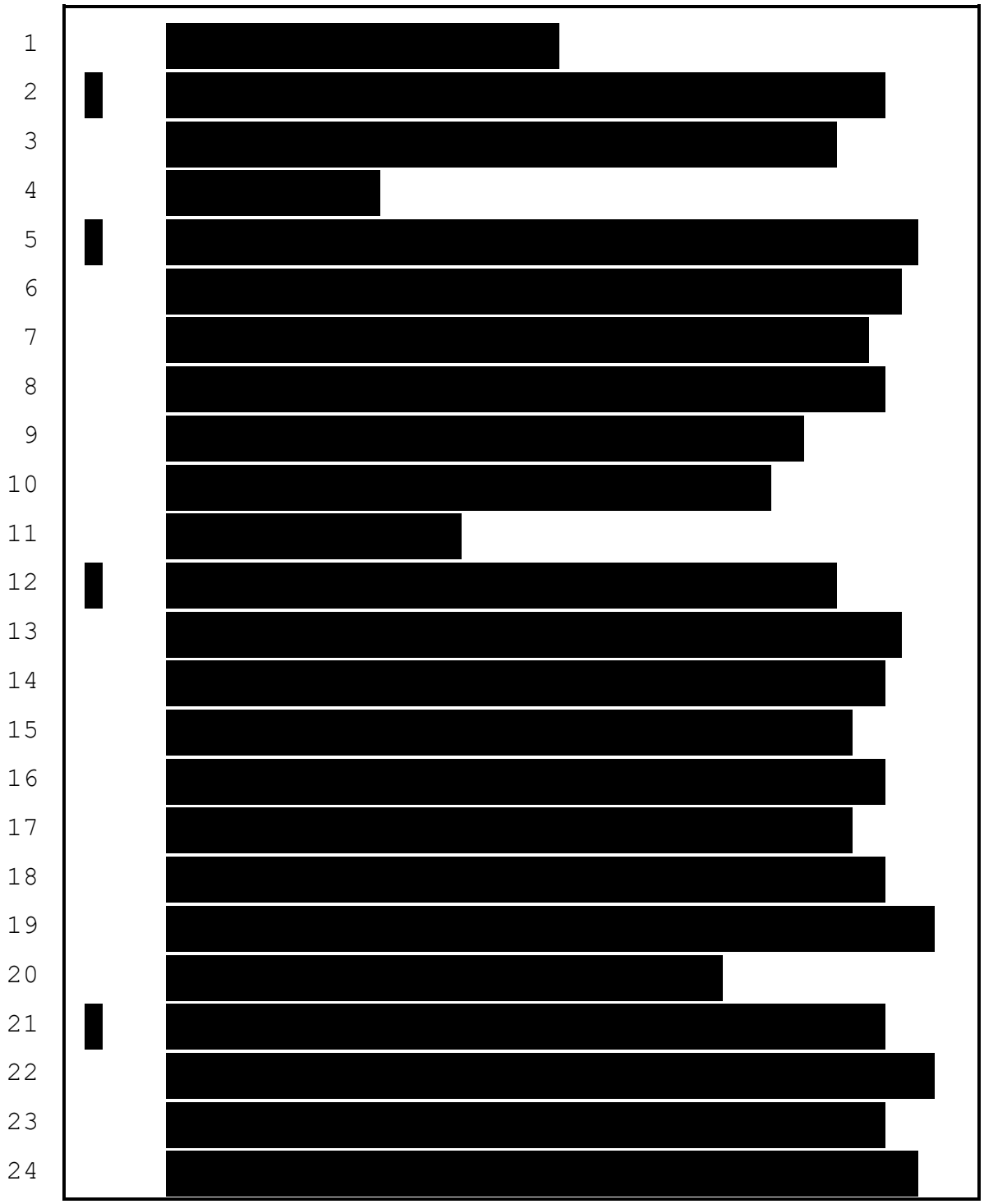

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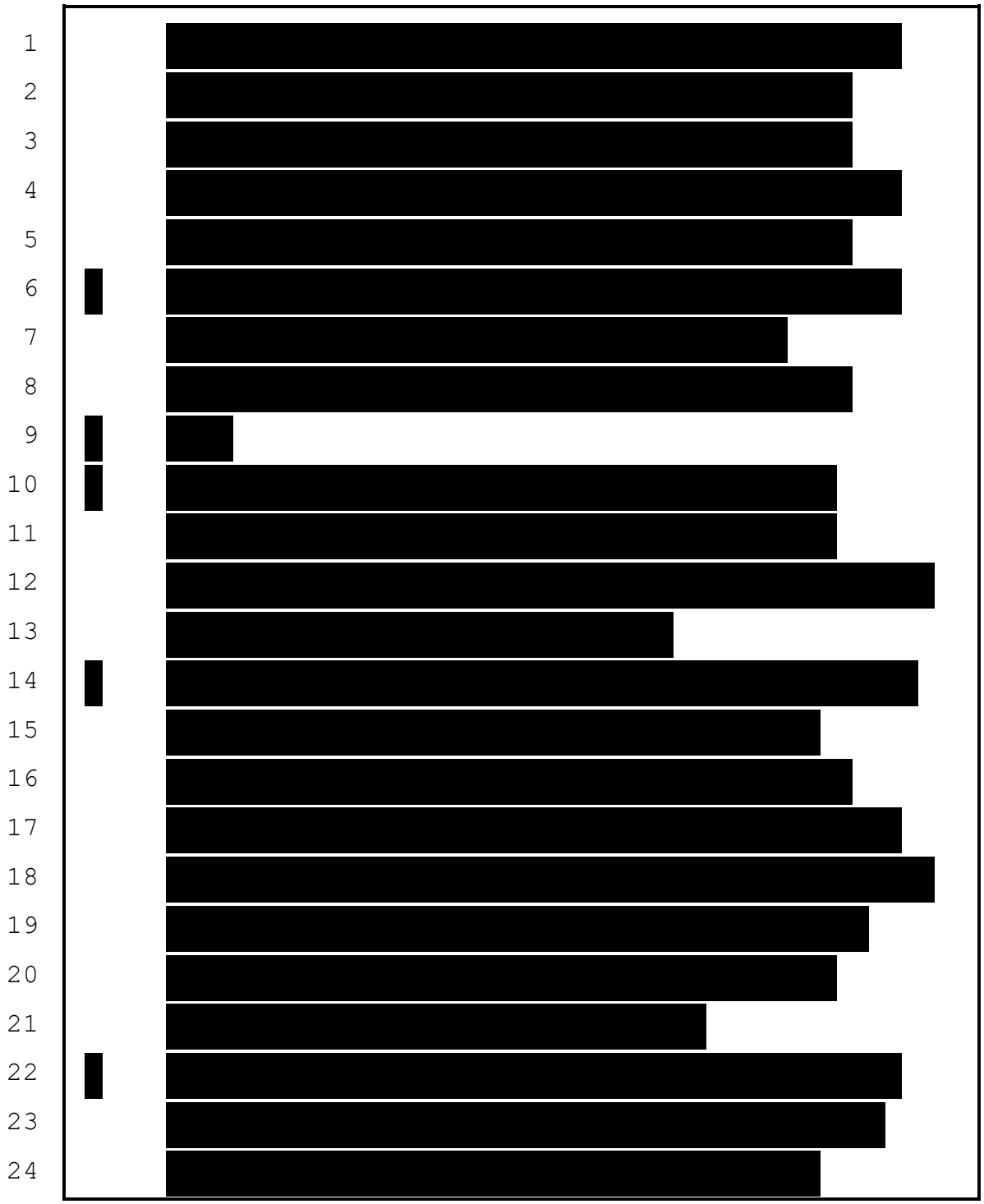

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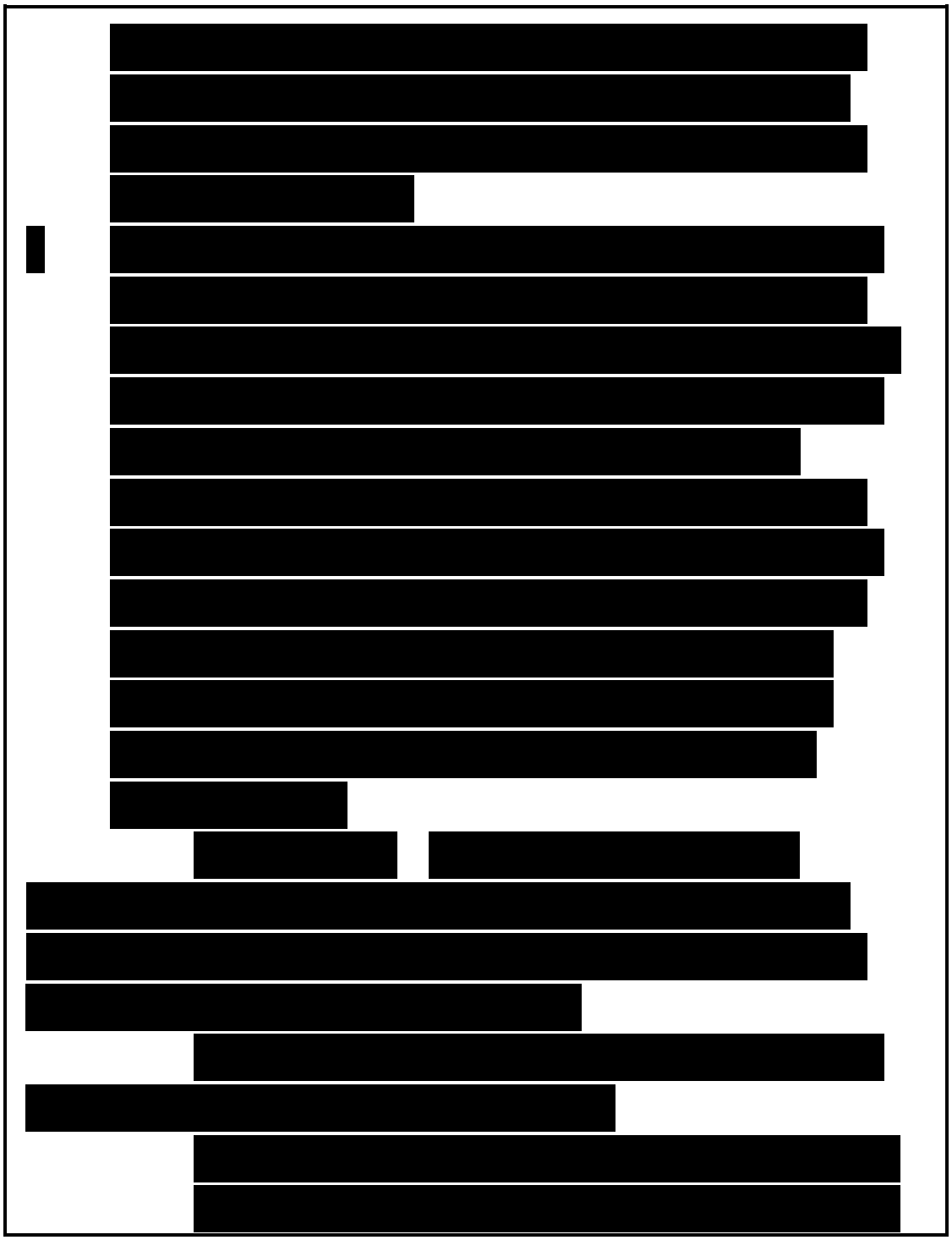

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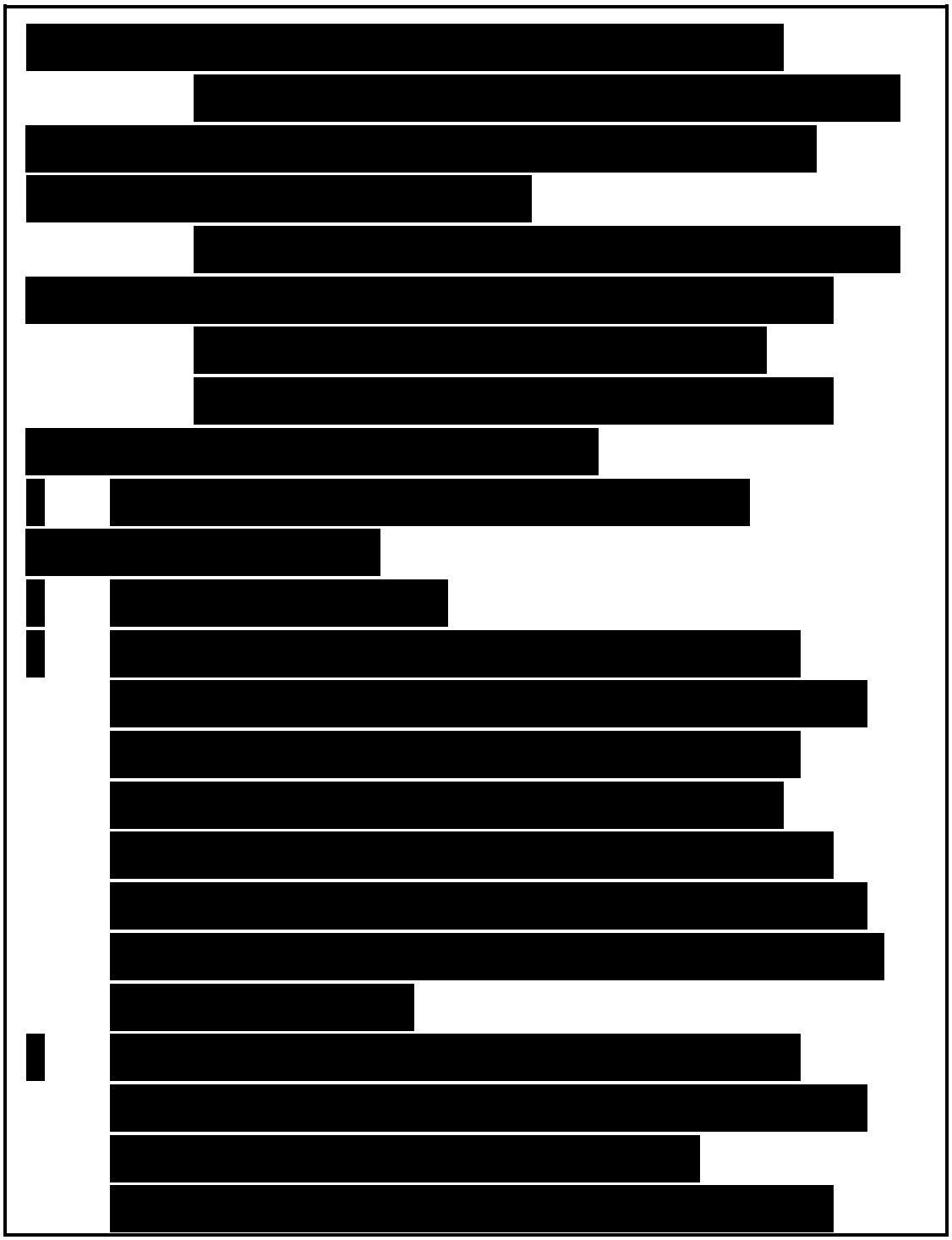

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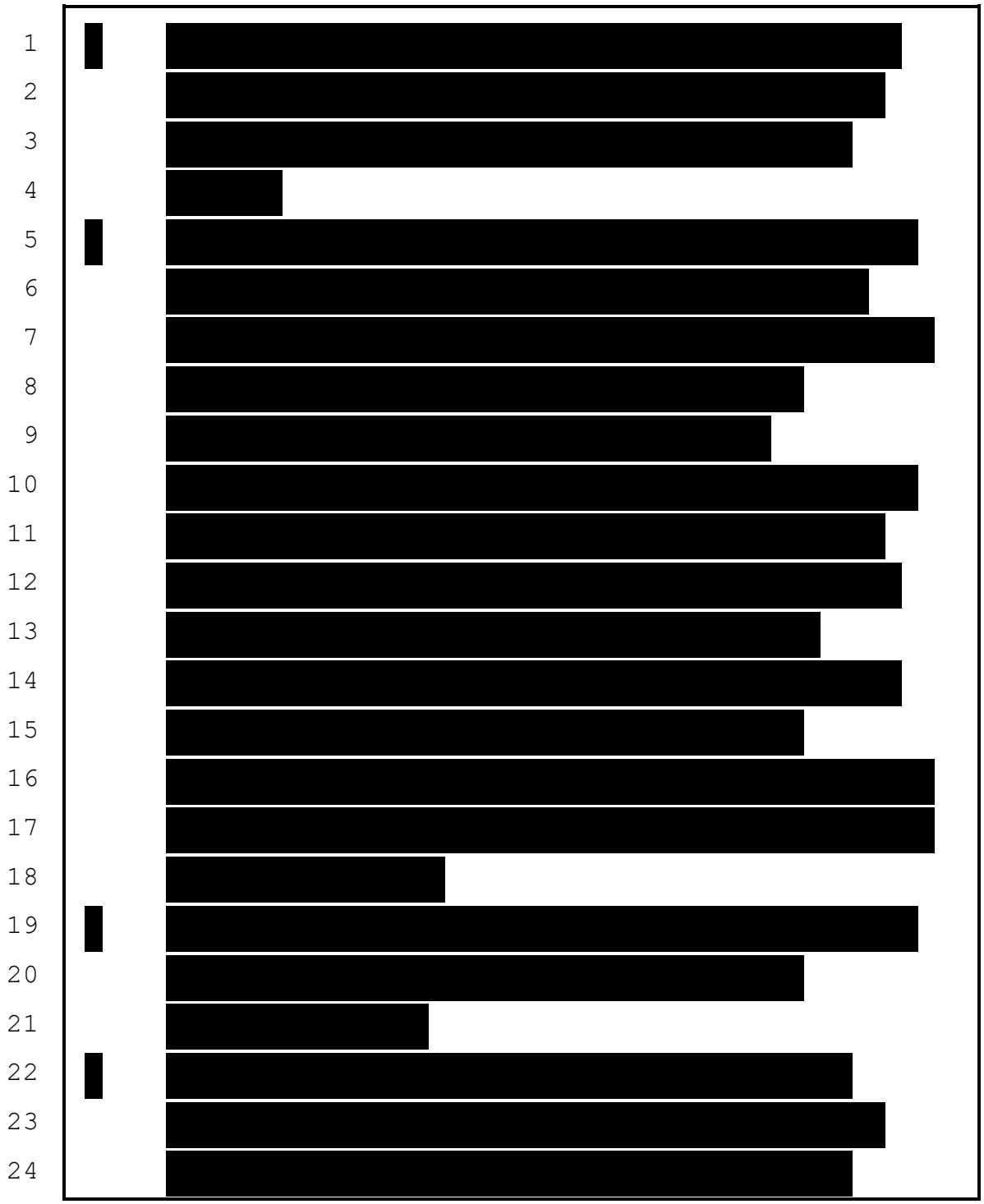

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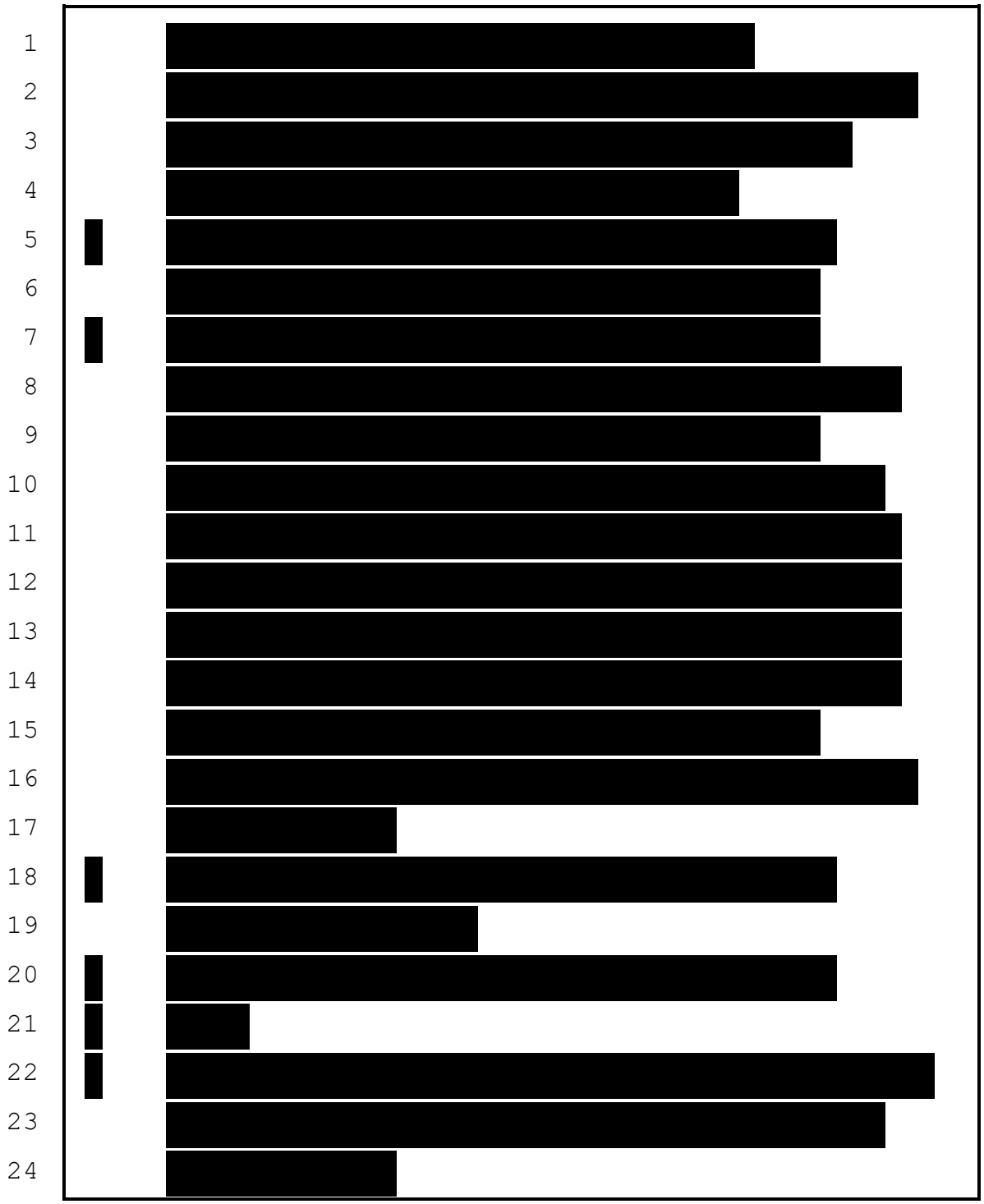

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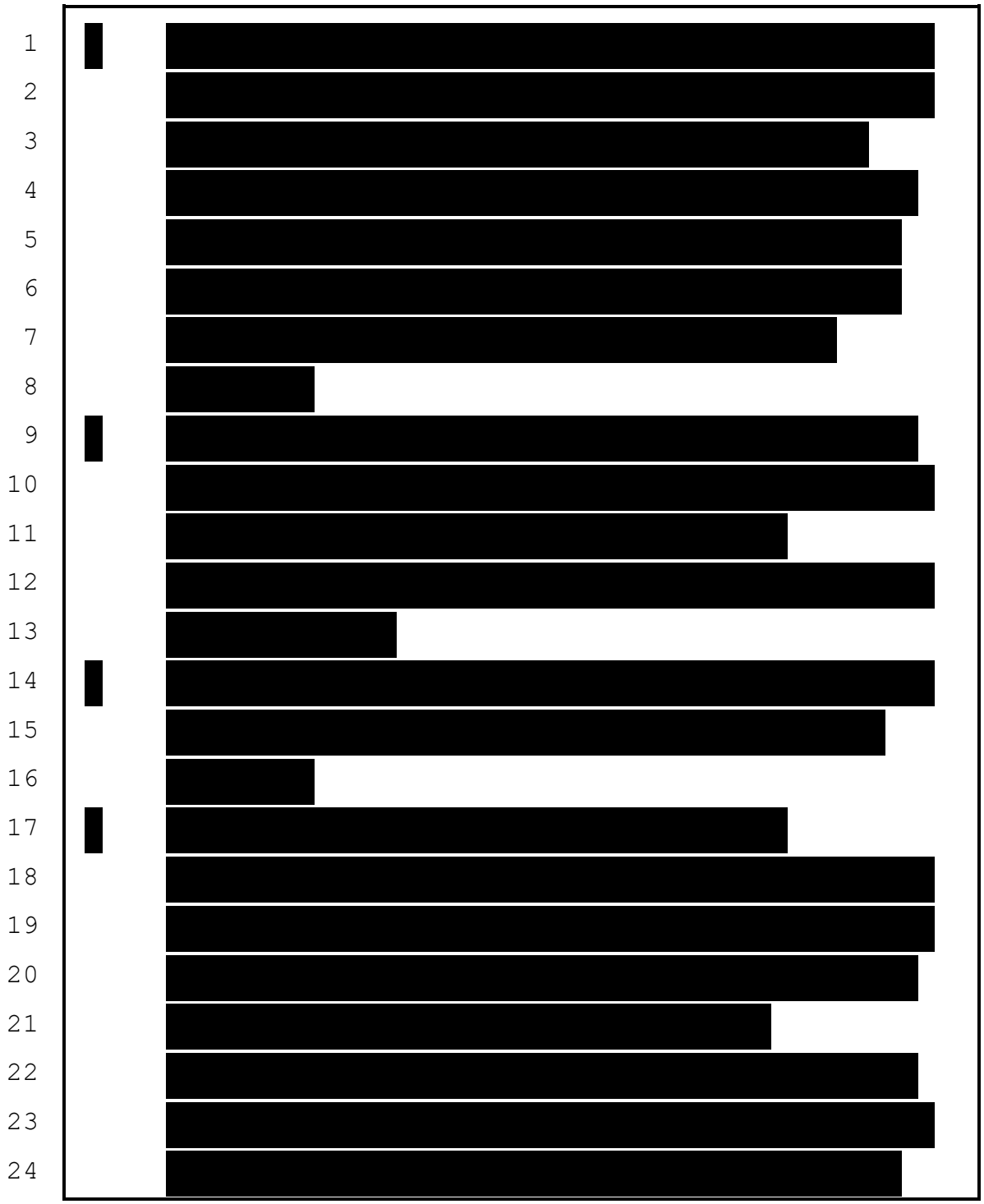

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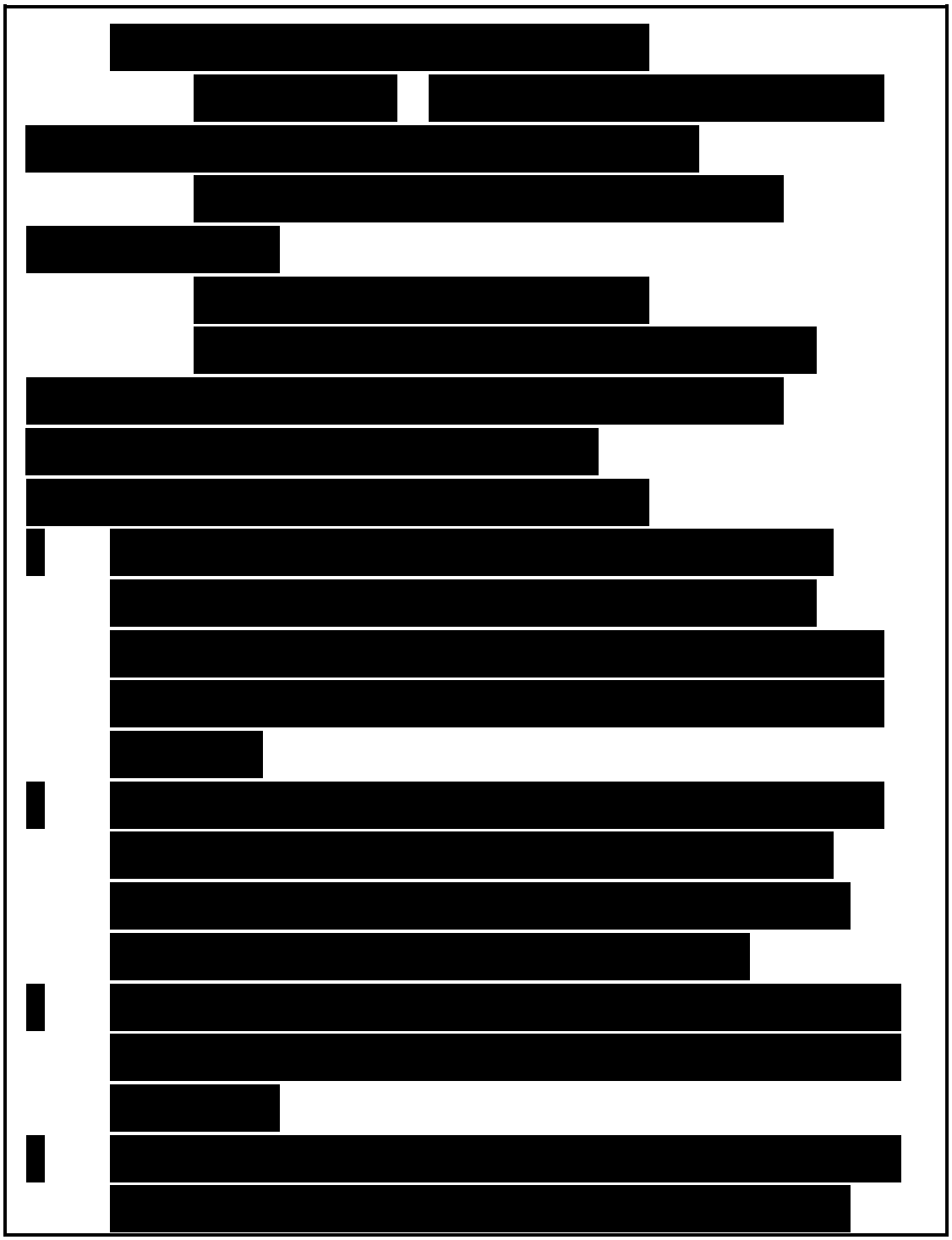

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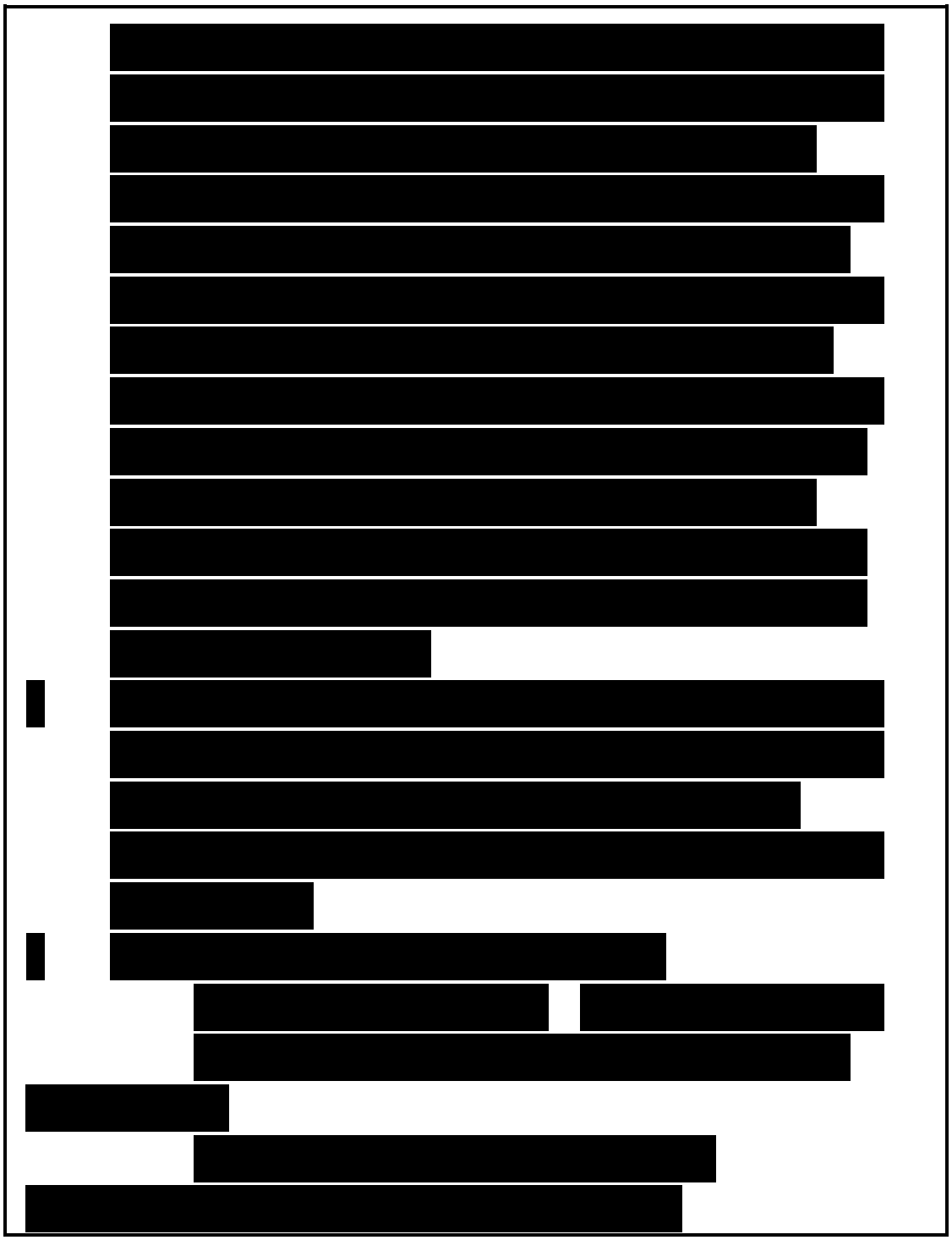

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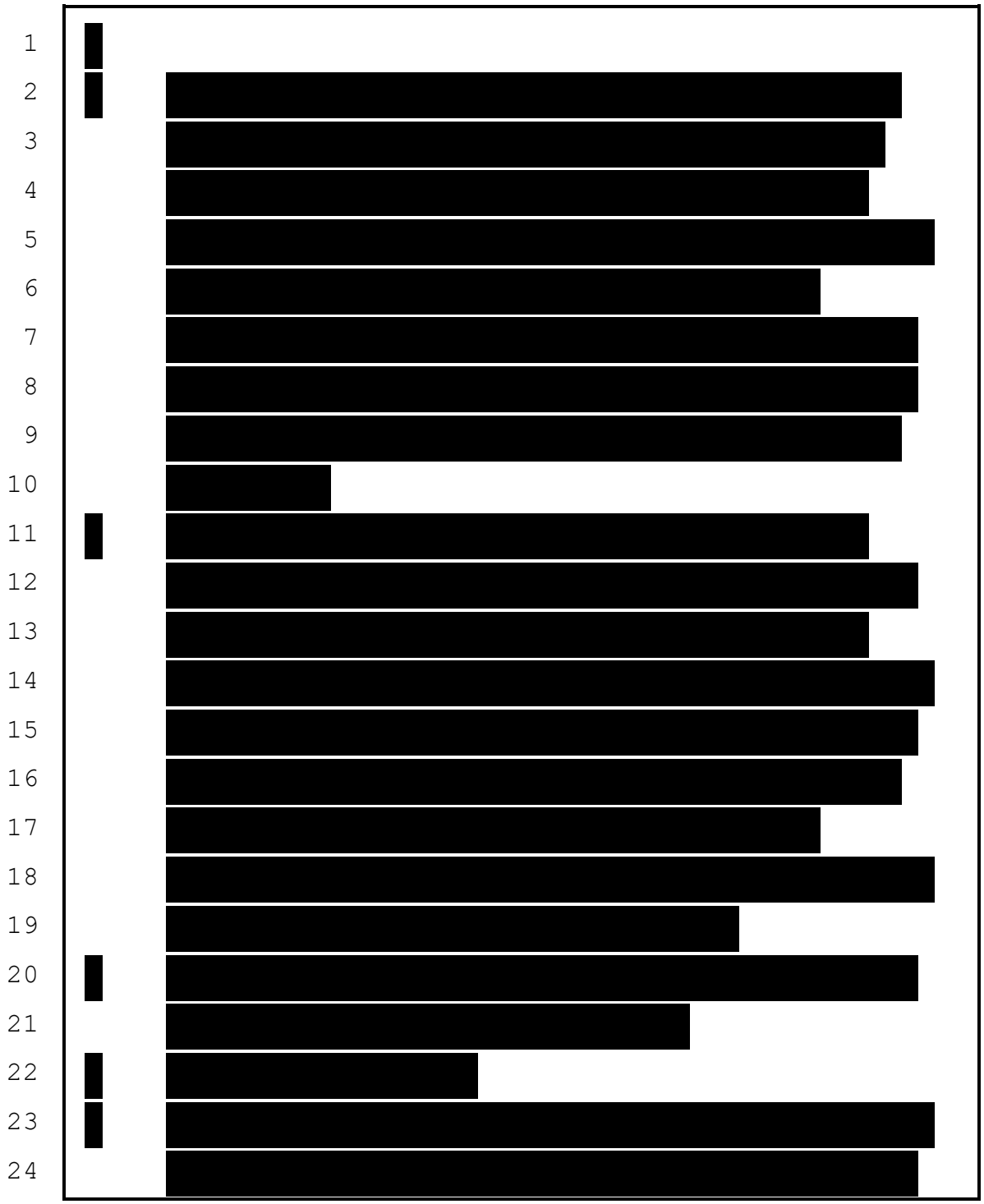

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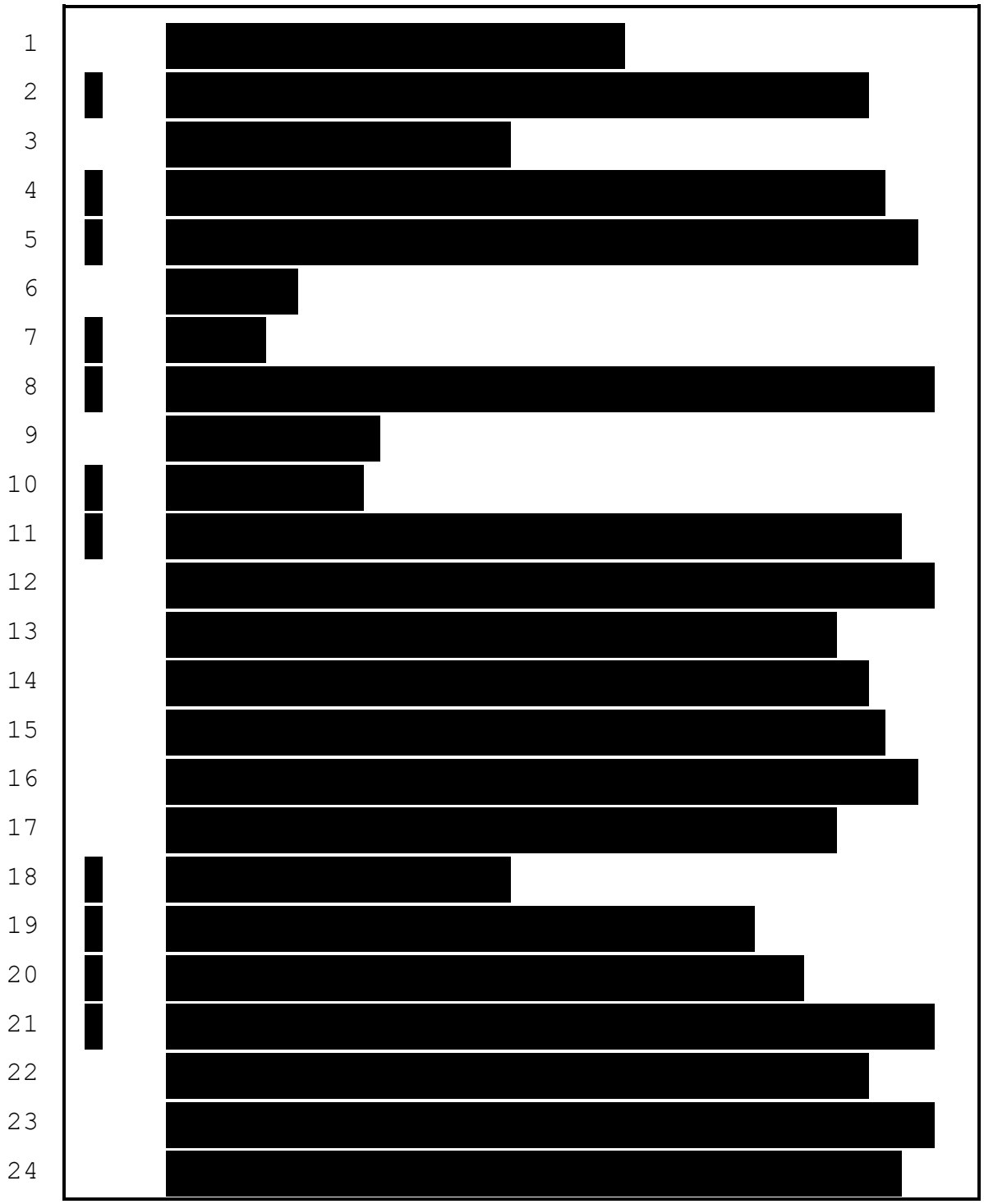

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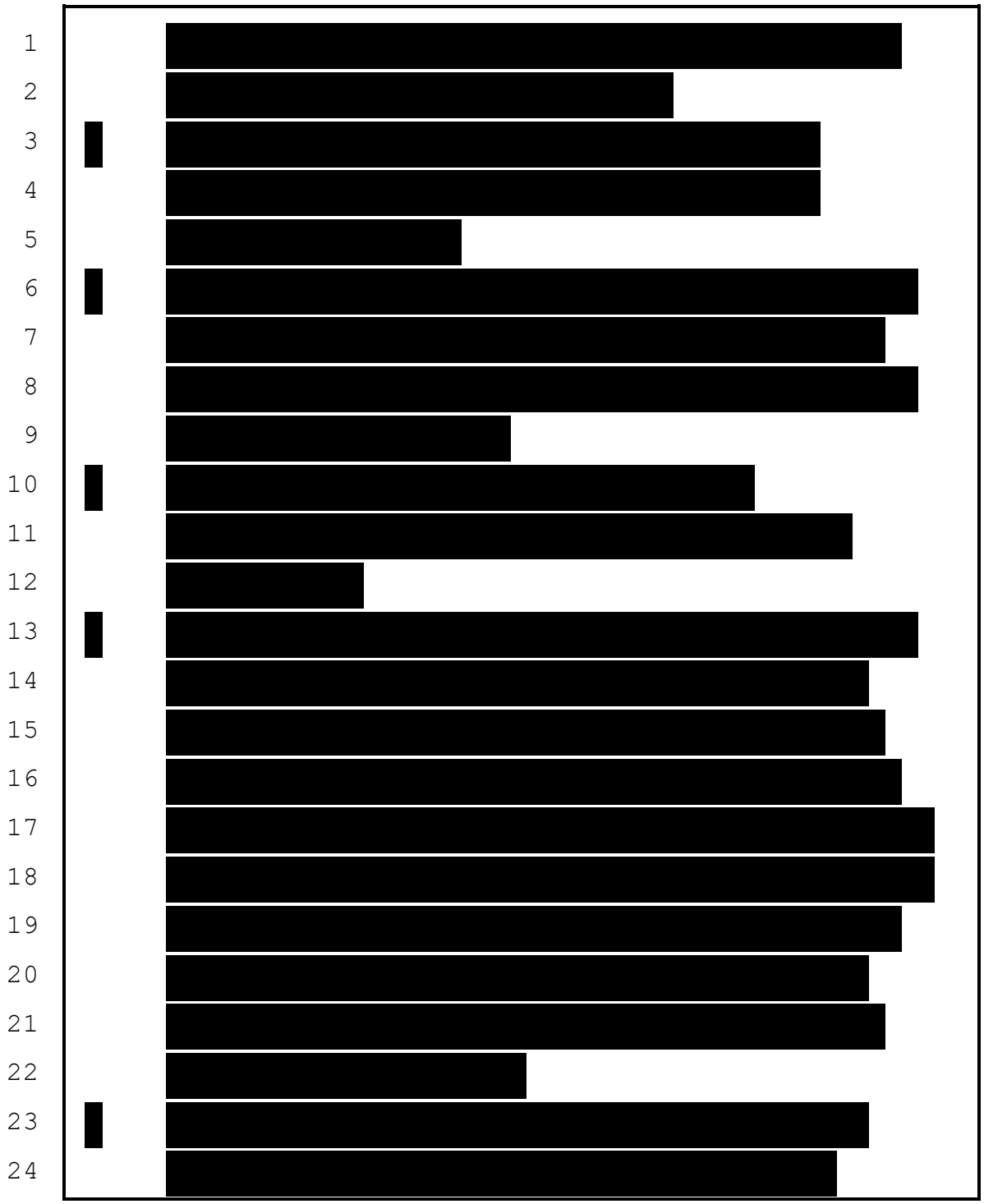

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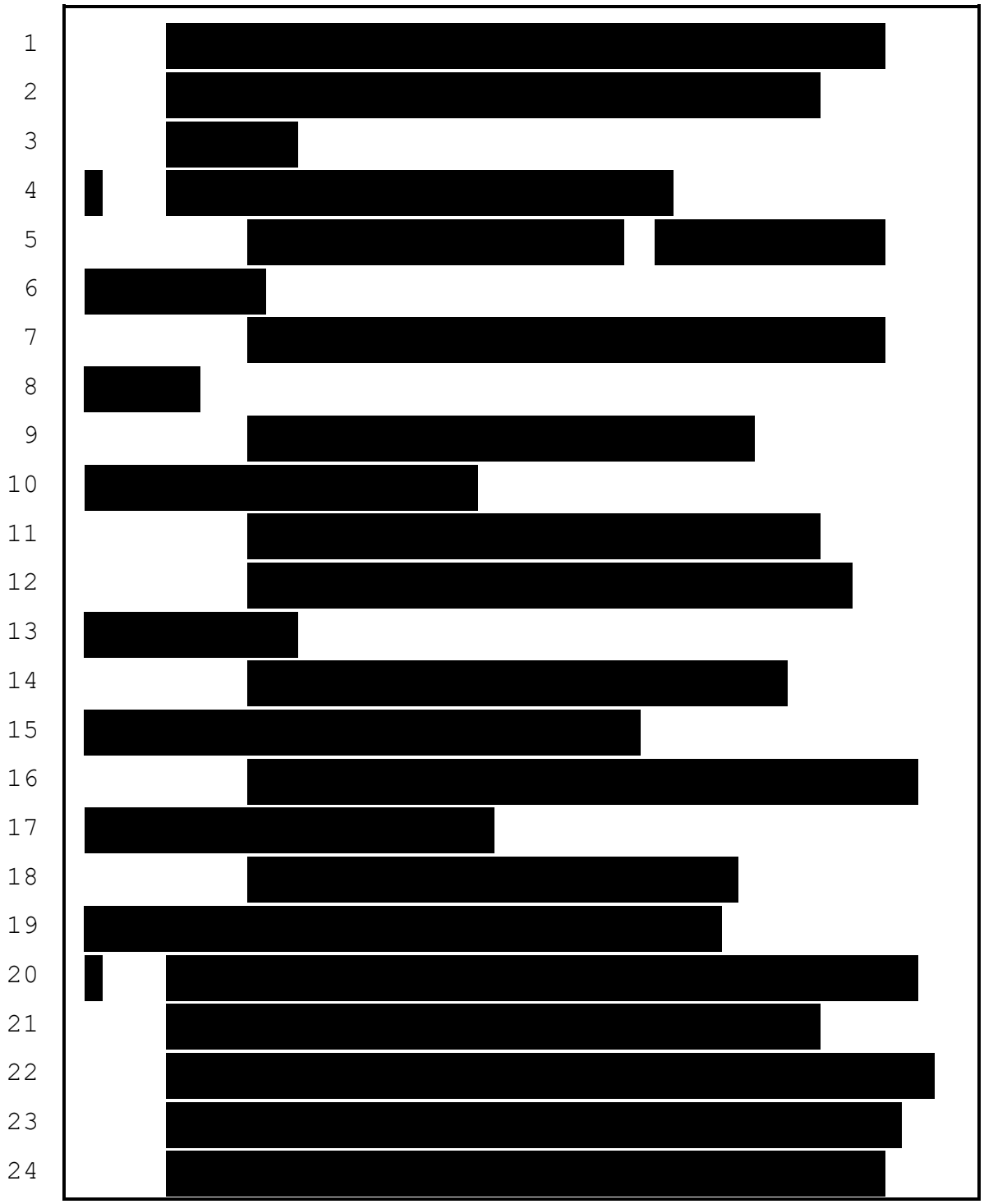

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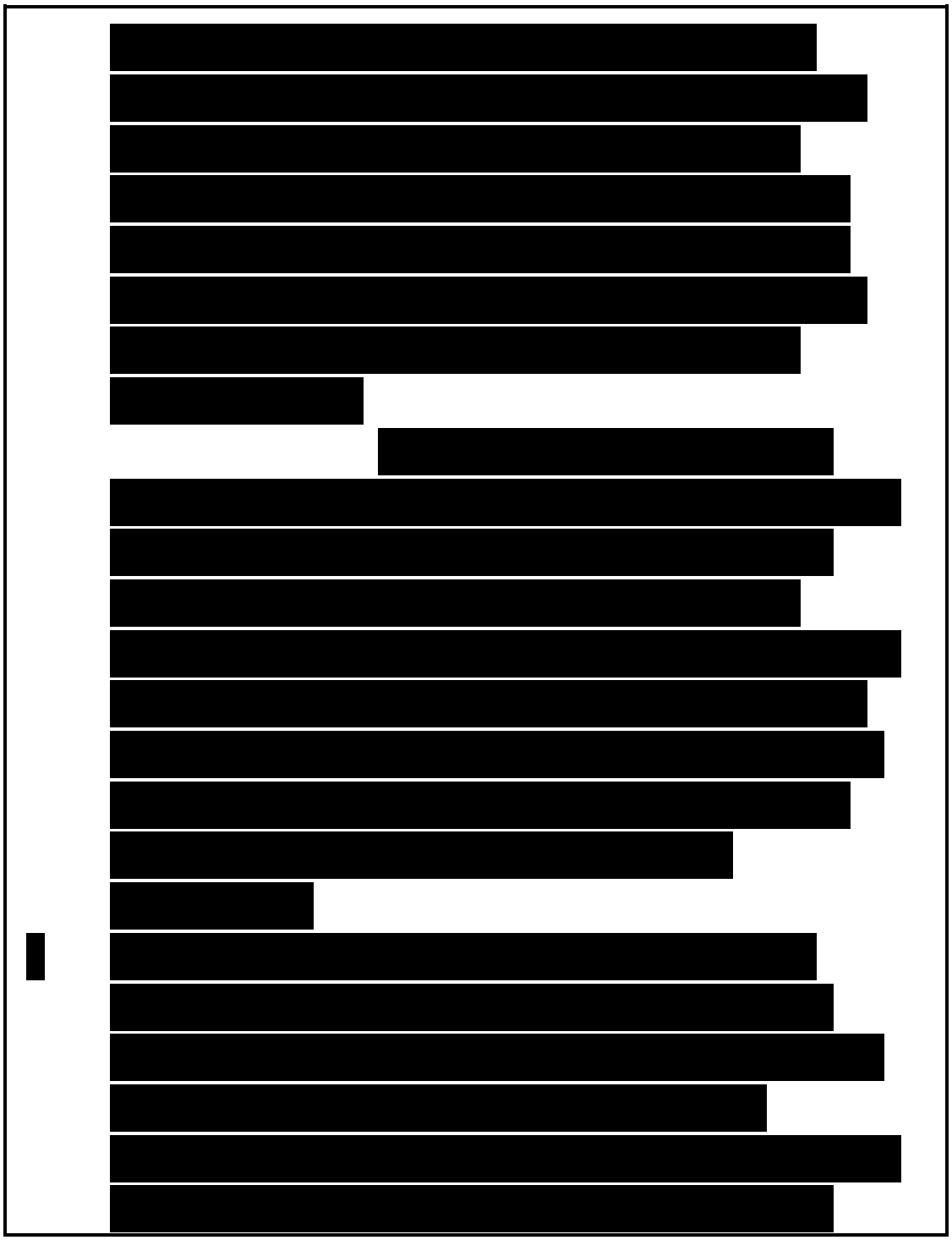

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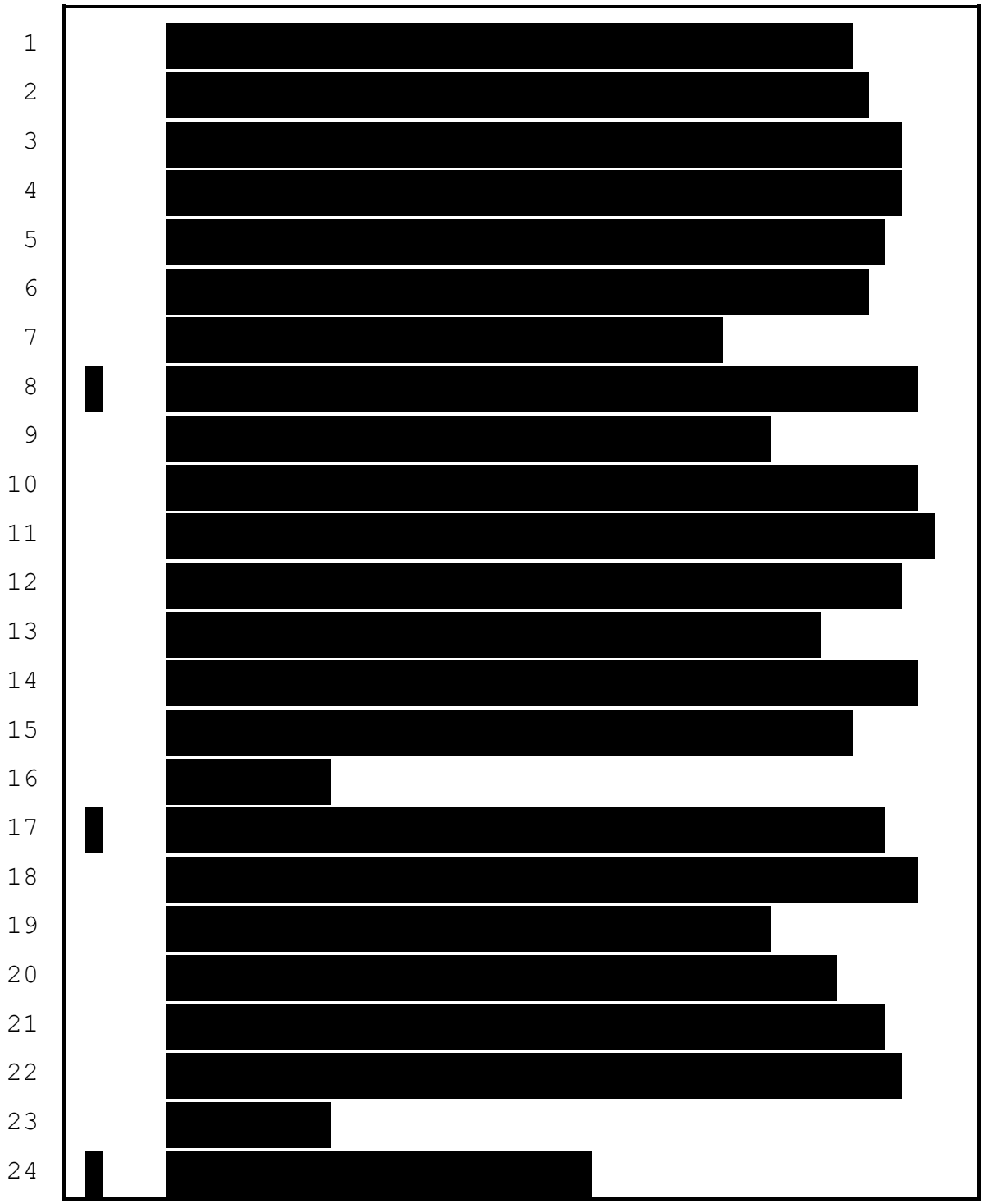

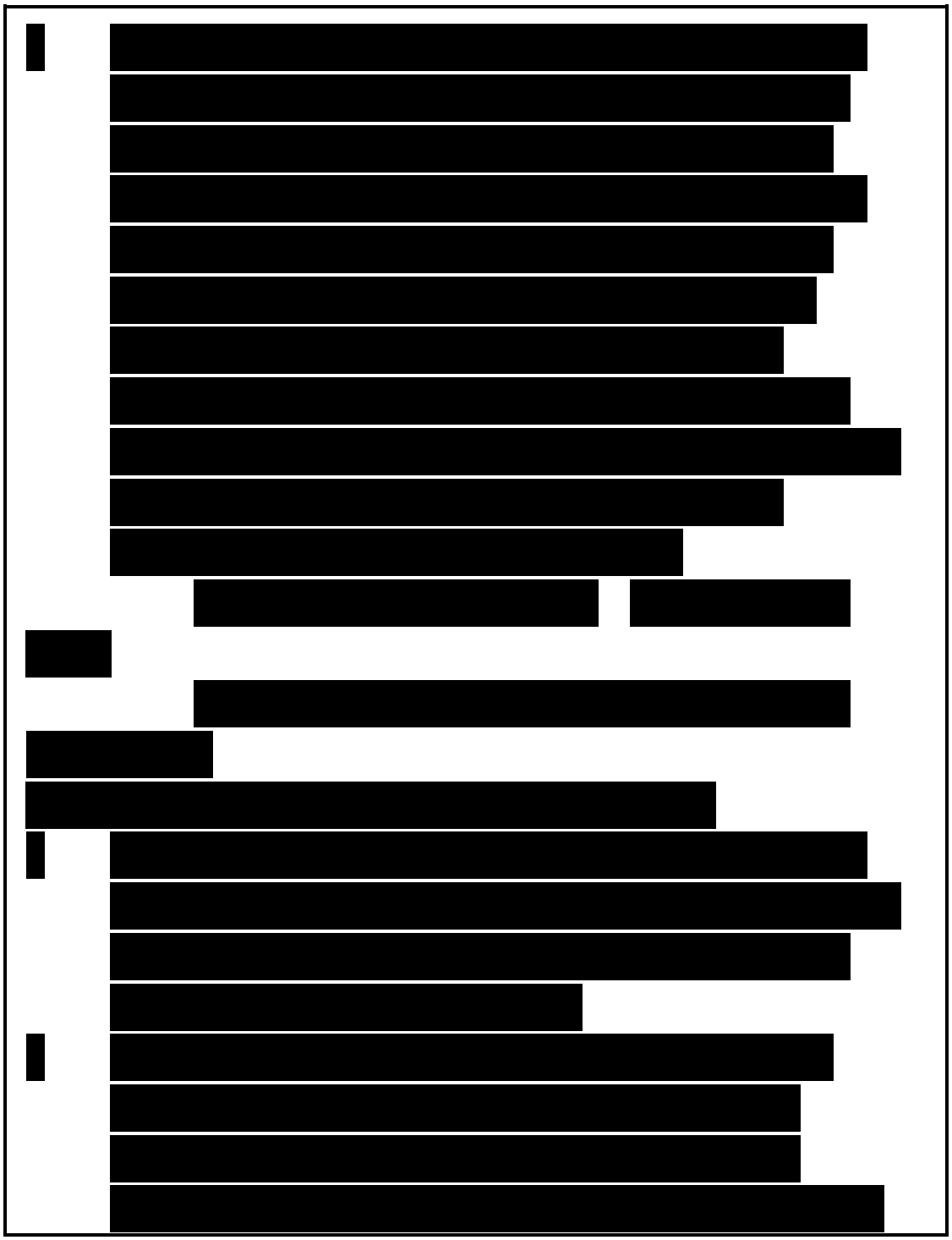

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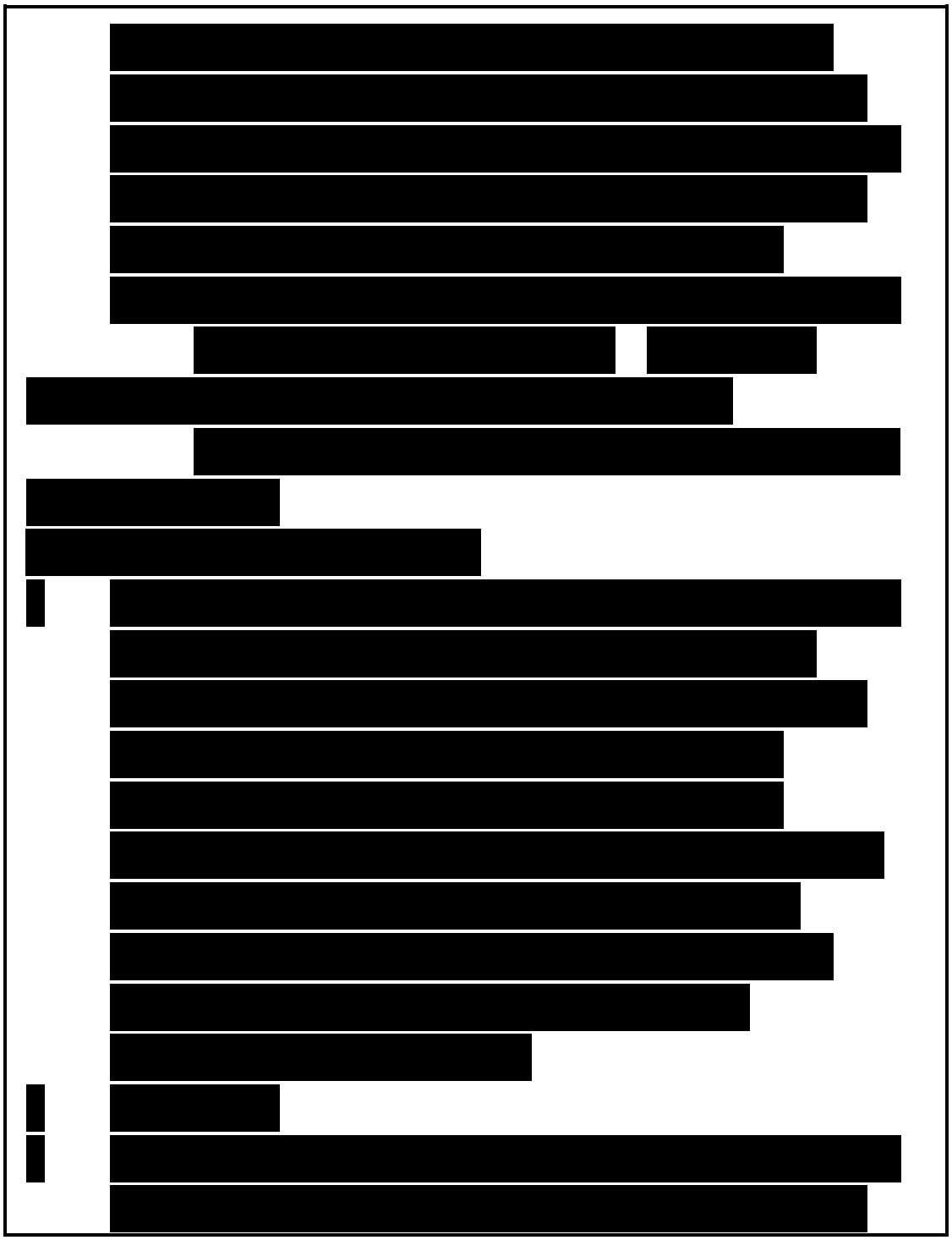

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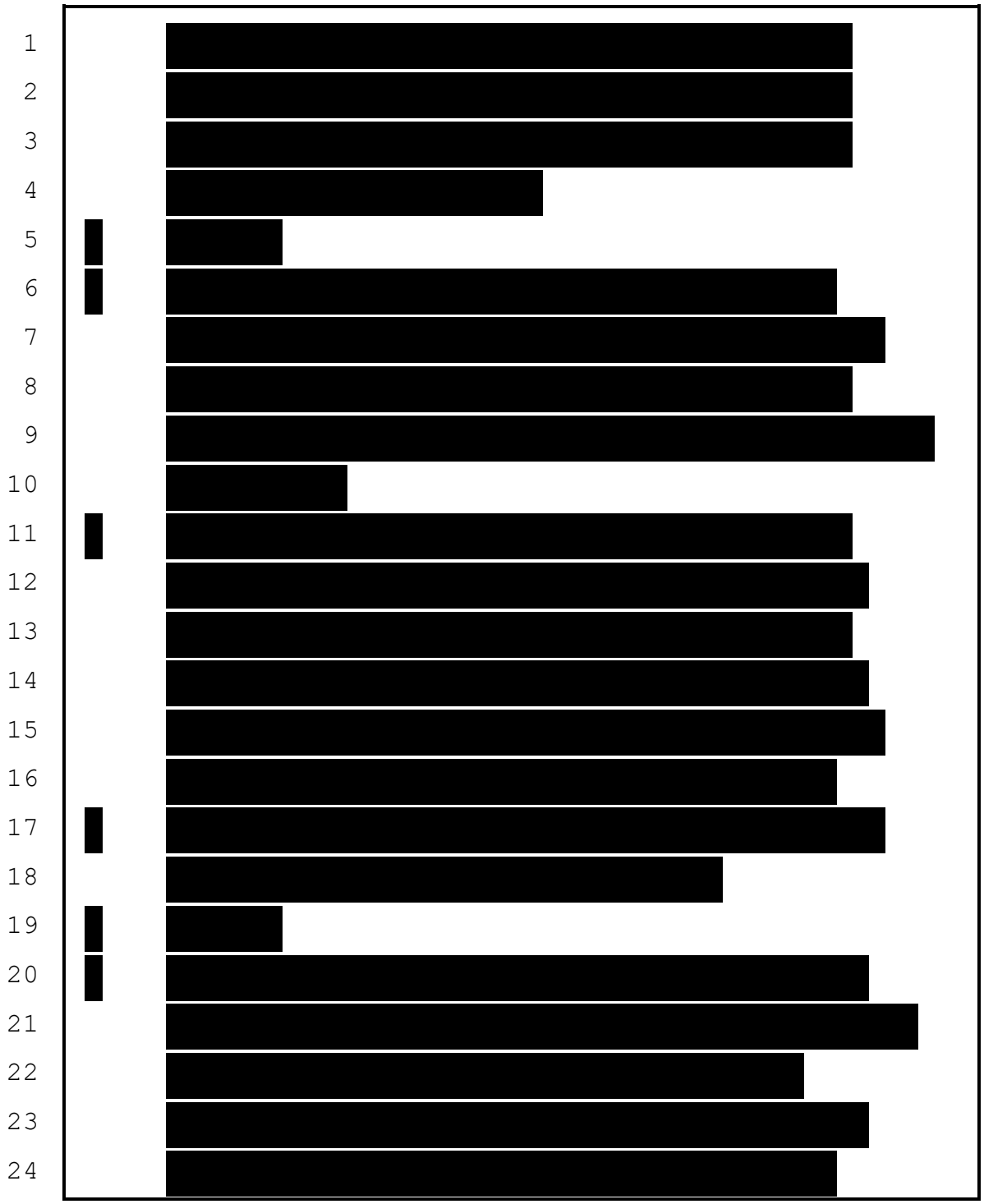

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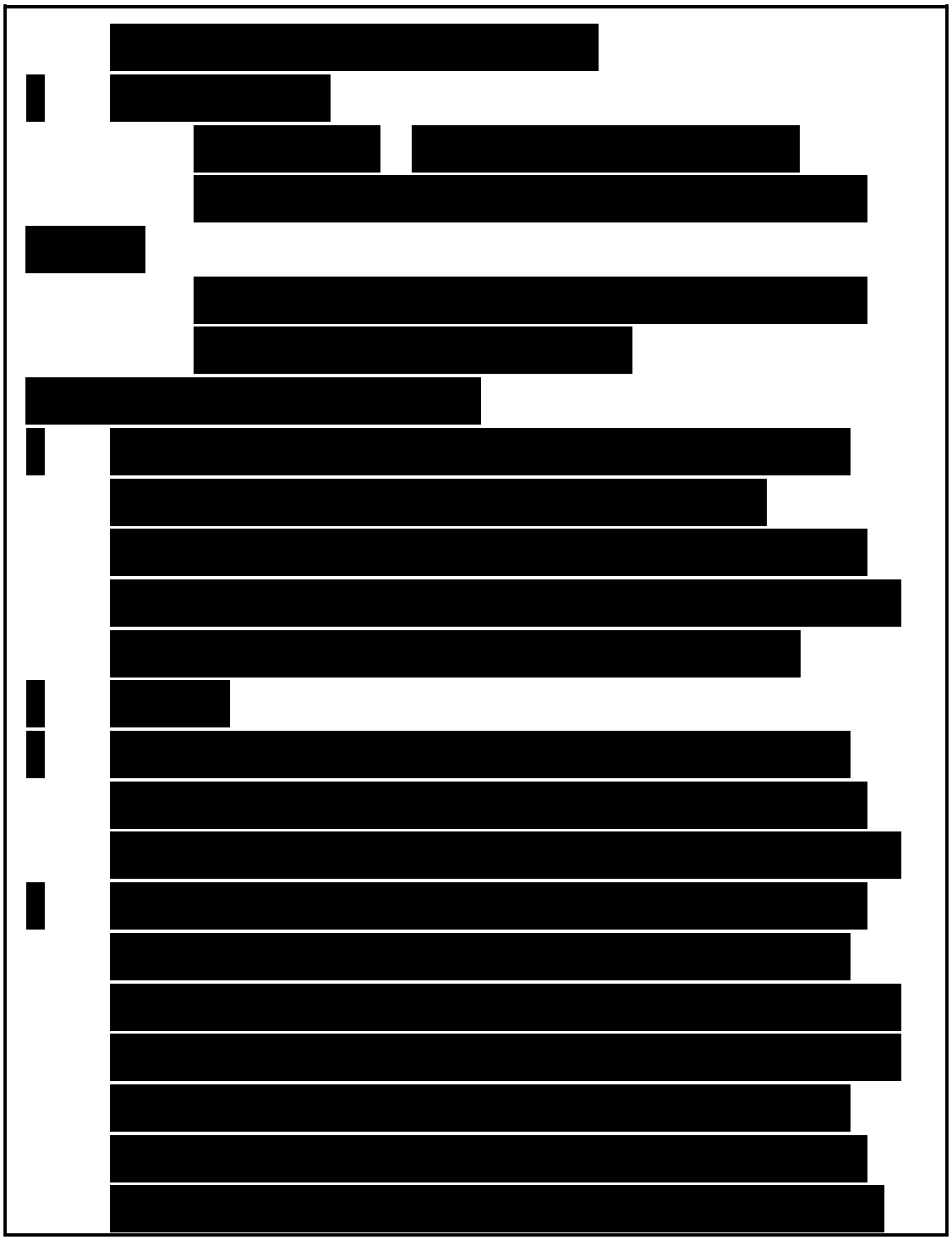

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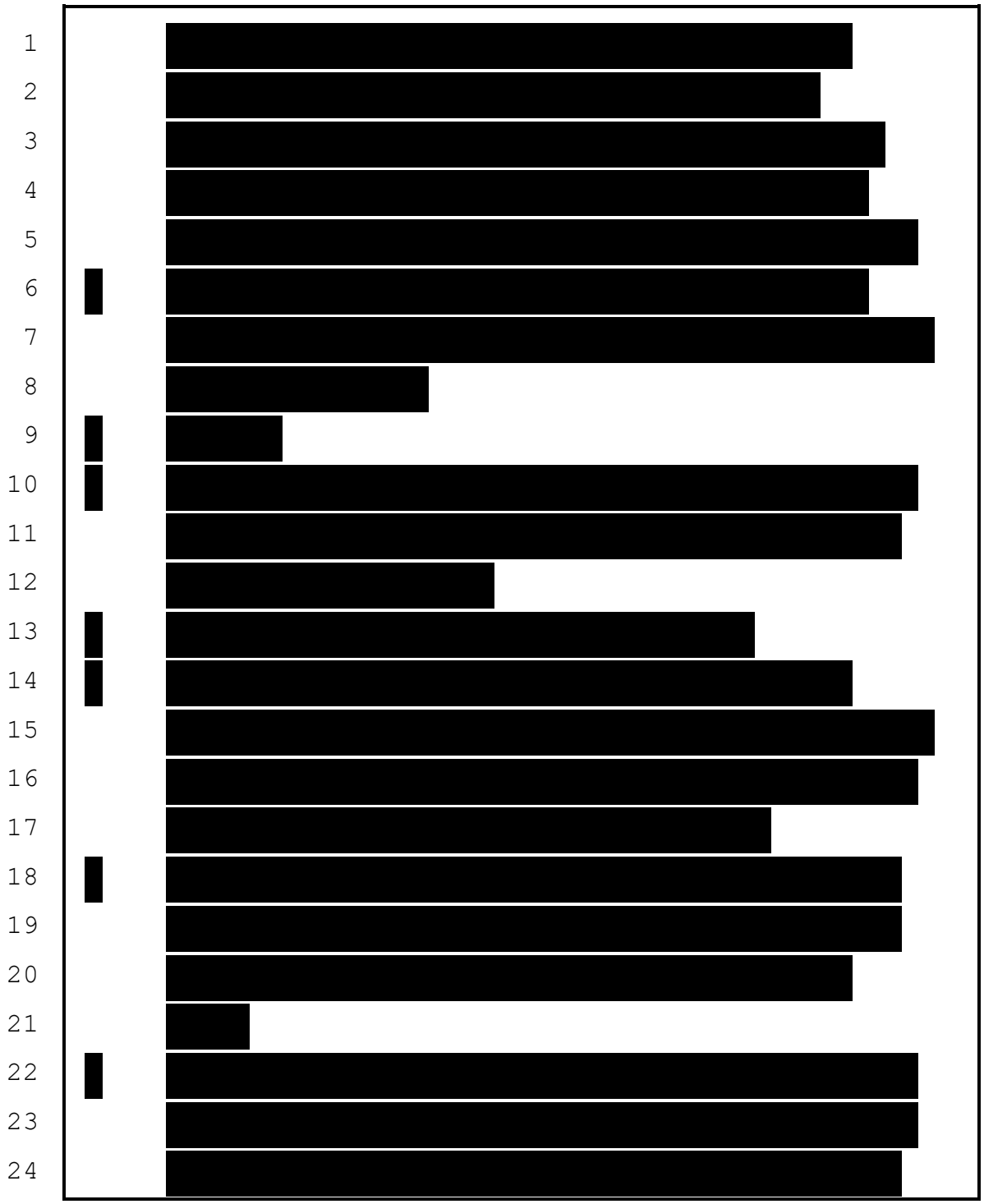

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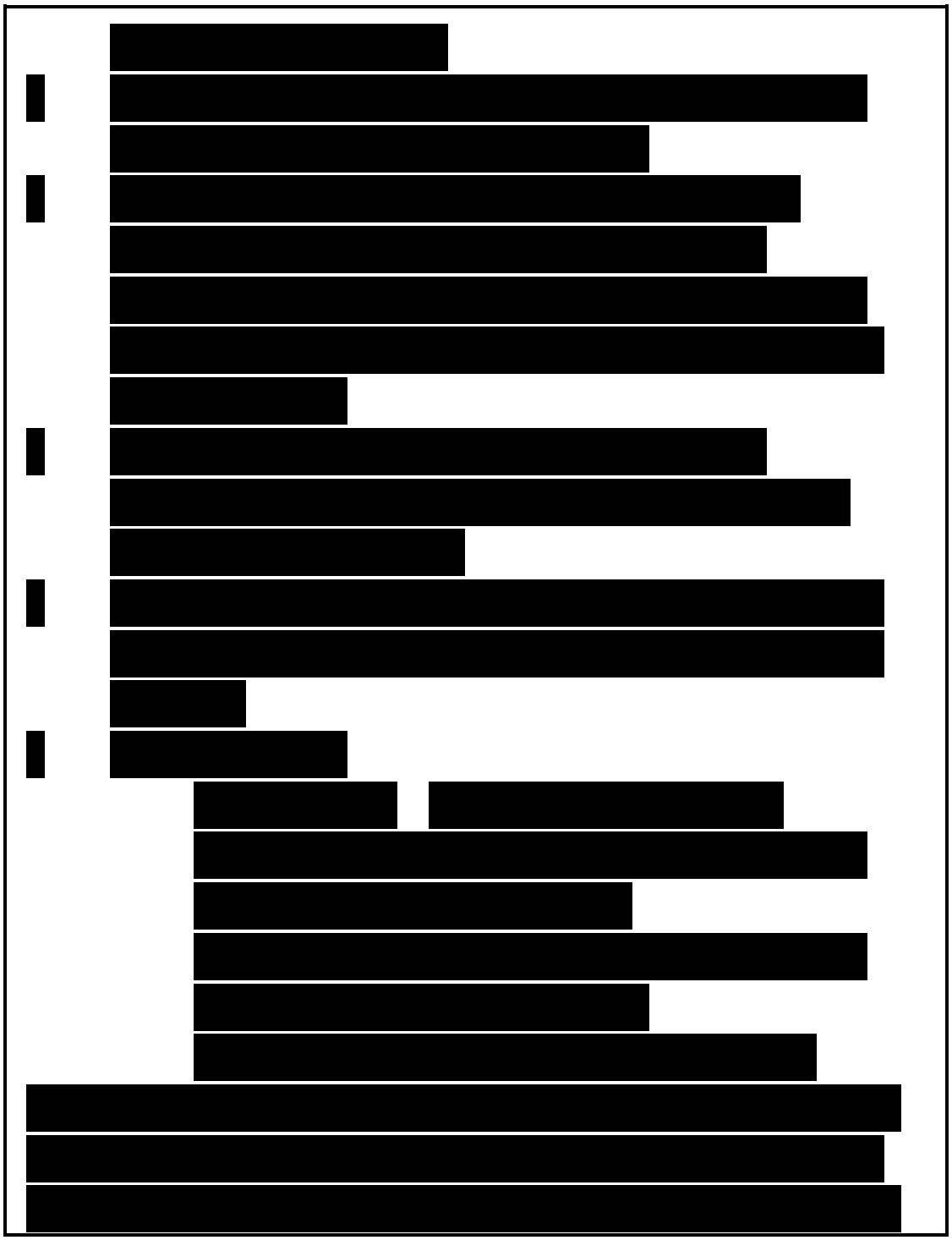

[redacted]

(CONFIDENTIAL SESSION ENDS)

COMMISSIONER BROWN-BLAND: All right. Mr. Schauer, you still have more?

MR. SCHAUER: I do. I have a few more questions.

COMMISSIONER BROWN-BLAND: All right. Go right ahead.

BY MR. SCHAUER:

Q So Mr. Roberts, I'm looking at page 6 of your testimony starting at line 22. I'm sorry, the beginning of the last sentence where it says, "moreover," you state in your testimony that SharpVue has a duty its investors to increase, not decrease the utilization of your assets. Is that correct?

A I don't see that. I must have a different version of --

Q So I'm looking at --

A -- what you're looking at.

Q But would you agree with that?

A What pages are your -- it's a true statement.

Q It's a true statement. Okay. Stated differently, SharpVue owes a duty to its

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Exhibit JAW-1

Resume of Julius A. Wright, Ph.D.

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Dr. Julius A. "Chip" Wright
J. A. Wright & Associates, LLC

Julius A. "Chip" Wright is the President of
J. A. Wright and Associates, LLC
^ Overlook Way
Cartersville, GA 30121
770-365-1872
jawright@mindspring.com.

Experience Overview

Prior to starting his firm, Dr. Wright was a Client Partner for AT&T Solutions Utilities and Energy Practice and before that a Principal in EDS' Management Consulting Services. Dr. Wright has been consulting electric gas, and telephone utilities on regulation, economics, rates, production modeling and strategic planning for the past three years. Prior to this Dr. Wright served an eight-year term as a Utility Commissioner for the state of North Carolina. Prior to that he served three terms in the North Carolina State Senate while he was a senior project engineer for Corning Glass Works on their optical wave guide project in Wilmington, North Carolina. He has a total of 14 years' government-related experience, 12 years' chemical plant-related engineering experience, and he has established two companies.

Dr. Wright, beginning in 2020, is also an Adjunct Professor at Emory University in Atlanta GA. providing lectures and graduate level student assistance related to economic and public policy issues. In addition, (2011) he was a Visiting Professor at the University of the Virgin Islands teaching sophomore courses in both Macro and Micro Economics.

While serving on the North Carolina Utility Commission, he served four years on the National Association of Regulatory Utility Commissioners (NARUC) Electricity Committee. He has served in various other advisory capacities, including the Keystone

Committee on Externalities; the North Carolina Radiation Protection Committee, and on an Oversight Committee for a joint North Carolina/New York/ Department of Energy (DOE) project.

Dr. Wright has also served on the Southern States Energy Board Task Force on Restructuring the Electric Utility Industry.

Regulatory Policy Issues, Prudence Reviews and Regulatory Studies

- Presented testimony to the South Carolina Utility Commission in support of Duke Energy Carolina's and Duke Energy Progress' filings related to the appropriate tariff design and economic issues related to solar and net metering tariffs, November 2020, Docket No. 2019-182-E.

- Regulatory Policy: Presented testimony to the South Carolina Utility Commission in support of Duke Energy Progress' efforts to recovery coal ash remediation costs the Company incurred in response to new coal ash disposal costs, Docket No. 2018-318-E.

- Presented testimony and rebuttal testimony to the North Carolina Utility

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Commission in support of Duke Energy Carolinas' efforts to recovery coal ash remediation costs the Company incurred in response to new coal ash disposal costs, Feb., 2017, Docket No. E-7, Sub 1146.

- Presented testimony and rebuttal testimony to the North Carolina Utility Commission in support of Duke Energy Progress' efforts to recovery coal ash remediation costs the Company incurred in response to new coal ash disposal costs, June and November, 2017, Docket No. E-2, Sub 1146.

- Provided testimony and rebuttal testimony on behalf of Duke Energy Carolinas in North Carolina related to the appropriate regulatory policy with respect to the recovery of coal ash remediation costs. Docket No. E-7, Sub 1146, August 25, 2017.

- Provided testimony and rebuttal testimony on behalf of Duke Energy Progress in North Carolina related to the appropriate regulatory policy with respect to the recovery of coal ash remediation costs. Docket No. E-2, Sub 1142, June 1, 2017.

- Provided Testimony on behalf of Dominion Energy North Carolina related to the appropriate regulatory policy related to the Commission's rule regarding the use of the Company's nuclear capacity factor compared to national averages as a way to determine the prudence of nuclear operations in a fuel cost recovery proceeding, Docket No. E-22, Sub 546, October 2017.

- Prudence review: report for Georgia Power Company regarding the prudence of Plant Vogtle new nuclear construction costs, "*The South Carolina Public Service Commission's Prudence Reviews of Summer Units 2 and 3 as Persuasive Precedent for the Georgia Public Service Commission's Regulatory Treatment of Vogtle Units 3 and 4,*" April 5, 2016, Georgia Public Service Commission, Docket No 29849.

- Regulatory study: "*The Economic and Rate Implications from an Electric Utility's Loss of Large Load Customers,*" presented in rebuttal testimony for Progress Energy Carolinas, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.

- Regulatory study: Dr. Wright routinely provides testimony support and witness training to several Fortune 500 investor-owned utilities in the Southeast, most recently involving two rate cases (2011, 2012) and three rate related cases dealing with an ongoing

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nuclear construction project (2008, 2010, 2012).

- Prudence review: related to a review of affiliate cost structure relative to compliance with FERC Order 707, conducted for a major SE utility, 4th quarter, 2008.

- Prudence review: related to a review of Affiliate Cost for Service Company Charges to a Regulated Utility, study conducted for SCANA Corporation, May, 2008.

- Regulatory study: review of Electric Utility Formula Rate Plans and specific Entergy formula rate plans, conducted for Entergy Mississippi, Jan-May, 2008.

- Prudence review: June 2005, provided a financial analysis related to the options for collecting and saving nuclear plant decommissioning costs for Duke Energy and this study along with a presentation was provided to the North Carolina Public Utility Commission and Staff.

- Regulatory study: provided analysis for Entergy Mississippi that was presented to the Mississippi Public Service Commission related to the valuation of services that Company provided to an unregulated affiliate, November 2002.

- Prudence review: "*Energy Deregulation*," March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.

- Prudence review: Principal author with Dr. Al Danielsen of "*Reliability of Electric Supply In Georgia*," published by The Bonbright Utilities Center, University of Georgia, June, 2001.

- Regulatory Policy & Study: Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0, 2000.

- Prudence review: was the principal author of a report and investigation titled "*An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply*," which was an investigation of the Company's planning process to meet its statutory obligation for supplying electricity as Illinois transitions to a competitive retail electric market, Illinois Commerce Commission Docket No. 98-0514.

- Regulatory study: co-authored a national study that used computer modeling techniques to quantify the impact of electric competition on the

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aggregate economy in each of the 48 continental United States.

- Regulatory Policy: presented testimony to Louisiana Legislative Committee on behalf of Entergy Corporation regarding the various regulatory and technical issues that need to be addressed in the transition to competition.

- Regulatory Policy: presented testimony For Virginia Power with regard to its transition to competition plan.

- Regulatory Policy: testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power exchanges, legislation, taxes and regulatory polices.

- Regulatory Policy: presented testimony for Entergy Corp. in both Louisiana and Arkansas in support of its transition to competition filing.

- Regulatory study: worked with three major southeastern utilities on developing business and regulatory strategy as they prepare for competition.

- Regulatory Policy & Study: filed a report with the South Carolina Legislature that studied the impact of electric competition on the state of South Carolina.

- Was a panelist on a Southern Gas Association national televised forum on performance based regulation for the natural gas industry.

- Regulatory Policy & Study: Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.

- Developed regulatory and marketing strategy for Entergy with regard to its telecommunications initiatives. In these efforts he worked with the EDS Telecommunications Consulting Group.

- Prudence review: was the lead analysis of the prudence of Central Vermont Public Service Company's power and resource acquisitions over a five year period. The prudence of this utility's power supply strategy was under investigation in a rate case proceeding. Dr. Wright's team filed testimony supporting the Company and their efforts were instrumental in undermining the charges of imprudence brought by the Company's opposition.

- Regulatory Policy & Study: developed an EDS intra-company task force to address the issues related to FERC's Transmission NOPR. This task

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force subsequently filed three responses to FERC's Open Access NOPR which provide a basis for EDS to maintain a leadership position as the electric utility industry undergoes restructuring to a competitive market.

- Regulatory study: helped develop a regulatory strategy and presented testimony on behalf of South Carolina Pipeline. In this case, an economic analysis prepared by Dr. Wright and Dr. Frank Cronin (from EDS Economic Planning and Analysis Consulting Group) was presented along with recommendations. The analysis and recommendations were generally accepted by the Commission staff.

- Prudence reviews: as a North Carolina Utility Commissioner Dr. Wright was involved in the prudence reviews of the costs related to the construction of three nuclear plants, Catawba 1 & 2 and Shearon Harris. In addition, he was involved in several other prudence reviews of various utilities.

Resource Planning & Economic Analysis

As a Commissioner he has been involved in a variety of resource planning issues including chairing the last North Carolina Resource Planning hearing that involved Duke Power Company, Carolina Power and Light, Virginia Power Company and the North Carolina Electric Membership Corporation.

He was also selected by the states of North Carolina and New York and the Department of Energy to be one of five representatives on a peer review panel overseeing a Resource Planning project being conducted by the Oak Ridge National Laboratories. In addition to these initiatives Dr. Wright has:

- Presented testimony to the South Carolina Utility Commission in support of Duke Energy Carolina's and Duke Energy Progress' filings related to the appropriate tariff design and related economic issues related to solar and net metering tariffs, November 2020, Docket No. 2019-182-E.

- *"The Economic and Rate Implications from an Electric Utility's Loss of Large Load Customers,"* presented in rebuttal testimony for Progress Energy Carolinas, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.

- Provided an analysis of electric vehicle economics and the legislative, engineering, and regulatory issues that regulated electric utilities should address in both residential and commercial installments of electric vehicle charging stations. Studied performed for Fortune 500 Southeastern investor-owned utilities, 2011-2012.

- Provided a study to a Fortune 500 large Southeastern investor-owned utility related to the use of regulated electric rates designed to help retain current large industrial customers, 2012.

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- Provided a Fortune 500 large Southeastern based investor-owned electric utility an economic, engineering, and environmental evaluation of a proposed renewable fuel alternative including the provision of an assessment and the design for a large-scale pilot test in one of that utility's fossil-fired facilities, 2012.

- Regulatory Policy, Rates & Testimony: Provided testimony in North Carolina for Bald Head Association and the Village of Bald Head Island related to the rates and services for ferry transportation to the island from the mainland. Docket No. A-41, Sub 7, Sept. 30, 2010.

- Regulatory Policy & Testimony: Provided testimony for Entergy Mississippi related to whether the Mississippi Public Service Commission should adopt some proposed Federal standards related to integrated resource planning and energy efficiency, Docket No. 2008-AD-477, February 2009.

- Provided a report to Entergy Mississippi on fuel cost recovery mechanisms that included a nationwide survey of fuel adjustment and any related performance based regulatory mechanisms, 2008.

- Regulatory Policy & Testimony: Provided testimony in North Carolina for Duke Energy related to whether the North Carolina Public Utility Commission should approve the recovery of nuclear generation project development costs, Docket No. E-7-Sub 819, April 2008.

- Provided a review for Duke Energy of the cost assumptions and regulatory initiatives related to new nuclear plant construction nationwide, April 2008.

- Provided analysis for Entergy Mississippi related to new nuclear plant applications and any new regulatory mechanisms adopted by various states related to the approval or cost recovery associated with these new nuclear plants, April 2008.

- Presented testimony on behalf of Entergy Mississippi on its IRP or electric resource plan and demand side initiatives, June, 2008, Docket No. 2008-AD-158.

- Provided testimony in Georgia for Georgia Power Company supporting that Company's Integrated Resource Planning (IRP) process, the appropriate methods for evaluating demand side energy options, and supporting that Company's planned demand side programs, Docket No. 24505-U, June 2007.

- Regulatory Policy & Testimony: Provided testimony in North Carolina for Duke Energy and Progress Energy related to the regulatory and economic rationale and appropriateness for using the "peaker" methodology and other methodologies for the

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establishment of avoided cost rates, Docket No. E-100-Sub 106, June 2007.

- Regulatory Policy & Testimony: Provided analysis for Entergy Mississippi that was presented to the Mississippi Public Service Commission related to the valuation of services that Company provided to an unregulated affiliate, November 2002.

- Regulatory Policy & Testimony: Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.

- Was instrumental in acquiring a large engagement for a major southeastern utility examining their competitive position as it relates to a competitive electric market. During the engagement he provided input and guidance on regulatory issues related to the deregulation of the electric industry.

- Assisted Carolina Power and Light Company in their integrated resource planning process by advising and facilitating a Commission directed public policy panel.

- Developed an overview of Niagara Mohawk Gas' integrated resource planning efforts. This engagement was under a contract from Oak Ridge National Laboratories.

Renewable Fuels, Demand Side, Energy Efficiency

- Regulatory Policy & Testimony: Presented testimony to the South Carolina Utility Commission in support of Duke Energy Carolina's and Duke Energy Progress' filings related to the appropriate tariff design and economic issues related to solar and net metering tariffs, November 2020, Docket No. 2019-182-E.

- Regulatory Policy & Study: Provided an analysis of electric vehicle economics and the legislative, engineering, and regulatory issues that regulated electric utilities should address in both residential and commercial installments of electric vehicle charging stations. Studied performed for Fortune 500 Southeastern investor-owned utilities, 2011-2012.

- Provided a Fortune 500 large Southeastern based investor-owned electric utility an economic, engineering, and environmental evaluation of a proposed renewable fuel alternative including the provision of an assessment and the design for a large-scale pilot test in one of that utility's fossil-fired facilities, 2012.

- Provided testimony for Entergy Mississippi related to that Company's

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proposed new demand side initiatives Docket No. EC-123-0082-00, February 2009.

- Regulatory Policy & Testimony: Provided testimony for Entergy Mississippi related to whether the Mississippi Public Service Commission should adopt some proposed Federal standards related to integrated resource planning and energy efficiency, Docket No. 2008-AD-477, February 2009.

- Presented testimony on behalf of Public Service of North Carolina supporting that Company's proposed demand side initiatives as well as the cost recovery of those initiatives, Docket No. G-5, Sub 495, March 2008.

- Regulatory Policy & Testimony: Provided testimony in South Carolina for Duke Energy, South Carolina Electric and Gas, and Progress Energy related to whether the South Carolina Public Service Commission should adopt some proposed Federal standards related to smart metering and energy efficiency rate setting procedures, Docket No. 2005-386-E, April, 2007.

- Provided testimony in South Carolina for South Carolina Electric and Gas related to Integrated Resource Planning and that Company's demand side initiatives, June 2007.

- Provided testimony in Georgia for Georgia Power Company supporting that Company's Integrated Resource Planning process, the appropriate methods for evaluating demand side energy options, and supporting that Company's planned demand side programs, Docket No. 24505-U, June 2007.

- Regulatory Policy & Testimony: Provided testimony in North Carolina for Duke Energy and Progress Energy related to whether the North Carolina Public Utility Commission should adopt some proposed Federal standards related to smart metering, energy efficiency, and electric resource planning, Docket No. E-100-Sub 108, November 2006.

Nuclear Issues

- Regulatory Policy & Testimony: Provided Testimony on behalf of Dominion Energy North Carolina related to the appropriate regulatory policy related to the Commission's rule regarding the use of the Company's nuclear capacity factor compared to national averages as a way to determine the prudence of nuclear operations in a fuel cost recovery proceeding, Docket No. E-22, Sub 546, October 2017.

- Prudence review: report for Georgia Power Company regarding the prudence of Plant Vogtle new nuclear construction costs, "*The South Carolina Public Service Commission's Prudence*

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Reviews of Summer Units 2 and 3 as Persuasive Precedent for the Georgia Public Service Commission's Regulatory Treatment of Vogtle Units 3 and 4," April 5, 2016, Georgia Public Service Commission, Docket No 29849.

- Dr. Wright provided testimony support and witness training involving three rate related cases dealing with an ongoing nuclear construction project (2008, 2010, 2012).

- Regulatory Policy & Testimony: Provided testimony in North Carolina for Duke Energy related to whether the North Carolina Public Utility Commission should approve the recovery of nuclear generation project development costs, Docket No. E-7-Sub 819, April 2008.

- August 2008 provided a study to Duke Energy Carolinas examining the issue of cost justification for new nuclear power facilities.

- June, 2005, provided a financial analysis related to the options for collecting and saving nuclear plant decommissioning costs for Duke Energy and this study along with a presentation was provided to the North Carolina Public Utility Commission and Staff.

Cost of Service, Rate Design, Performance Based Regulation, Forecasting

While serving more than eight years on the North Carolina Commission, Dr. Wright was involved in several cost of service and rate design analyses, testimonies, and orders. This included work in electric, telephone, gas, and water utilities. Additionally, he has presented testimony on performance based ratemaking, and for over two decades has worked extensively with Entergy Mississippi and the Mississippi Public Service Commission on that utility's performance based regulatory mechanism (which is thought to be the oldest continuously operating major electric utility PBR mechanism in the nation). He has also been involved in analyzing electric utility forecasting models, including end-use models, regression analysis (both linear and nonlinear) and customer discrete choice modeling forecasts. Furthermore, Dr. Wright's Ph.D. is in environmental and regulatory economics with special research into nonlinear minimal cost optimization procedures for electric utility production models. This work included optimizing investments, optimal regulatory regimes, pricing, cost recovery, and rate of return issues.

In addition, he has:

- Regulatory Policy & Testimony: Presented testimony to the South Carolina Utility Commission in support of Duke Energy Carolina's and Duke Energy Progress' filings related to the appropriate tariff design and economic issues related to solar and net metering tariffs, November 2020, Docket No. 2019-182-E.

- Presented testimony to the South Carolina Utility Commission in support

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of Duke Energy Progress' efforts to recovery coal ash remediation costs the Company incurred in response to new coal ash disposal costs, Docket No. 2018-318-E.

- Regulatory Policy, Study & Testimony: "*The Economic and Rate Implications from An Electric Utility's Loss of Large Load Customers,*" presented in rebuttal testimony for Progress Energy Carolinas, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.

- Provided a study to a Fortune 500 large Southeastern investor-owned utility related to the use of regulated electric rates designed to help retain current large industrial customers, 2012.

- Regulatory Policy & Testimony: Presented testimony on behalf of Public Service of North Carolina related to the establishment of a formulary performance type rate setting mechanism for this natural gas LDC, August 2008, Docket No. G-5, Sub 495.

- Regulatory Policy & Testimony: Provided testimony in Georgia for Georgia Power Company supporting that Company's methodology for pricing fuel and its use of marginal replacement fuel cost procedures in its intra-company resource sharing arrangement with the Southern company, Docket No. 191142-U, April 2005.

- Regulatory Policy & Testimony: Provided an economic analysis of the proper regulatory regime for South Carolina Pipeline Company. In this analysis he presented testimony supporting performance based ratemaking and his recommendations were generally accepted by the Commission staff.

- Developed forecasted rates for two New York state utilities. These rates were developed to support a bond filing by a co-generator.

- Provided a forecast of power payments from New York State Electric and Gas (NYSEG) to two independent power producers (IPPs). This forecast was used to estimate the level of overpayments by NYSEG to these IPPs, under PURPA regulations, which he used in a filing before FERC supporting the company's claim of unlawful overpayments.

Telecommunications

As a Commissioner he has regulated all types of telecommunications providers for eight years. In addition, he has worked with two electric utilities in strategy formulation in regard to their entering the telecommunications business. Furthermore, he has eight years experience as a fiber optic engineer.

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Dr. Julius A. "Chip" Wright
J. A. Wright & Associates, LLC

Other Areas of Expertise

Prior to joining EDS, he worked for eight years as a senior process engineer for Corning Glass in the design and production of optical waveguides (or fiber optics). Prior to that he worked for four years in the chemical industry as a process chemist and later as a senior project engineer. He has done work in environmental monitoring, process and product improvement, plant utilization, as well as starting and selling two successful companies – one in the financial leasing business and the other in the entertainment industry.

Presentations and Publications

Report for Georgia Power Company regarding the prudence of Plant Vogtle new nuclear construction costs, "*The South Carolina Public Service Commission's Prudence Reviews of Summer Units 2 and 3 as Persuasive Precedent for the Georgia Public Service Commission's Regulatory Treatment of Vogtle Units 3 and 4,*" April 5, 2016, Georgia Public Service Commission, Docket No 29849.

"*The Economic and Rate Implications from An Electric Utility's Loss of Large Load Customers,*" presented in rebuttal testimony for Progress Energy Carolinas, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.

"*Energy Deregulation,*" March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.

"Low Cost States and Electric Restructuring - The Issue is the Price!" presented to the 1999 Miller Forum on Government, Business and the Economy, University of Southern California, April 19, 1999.

An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply, Illinois Commerce Commission Docket No. 98-0514.

The Impact of Competition on the Price of Electricity, author, published by L. A. Wright and Associates, November, 1998.

"Retail Competition in the Electric Industry: The Impact on Prices," presented at the 18th Annual Bonbright Center Energy Conference, Atlanta, Georgia, Sept. 10, 1998.

Potential Economic Impacts of Restructuring the Electric Utility Industry, co-author, published by the Small Business Survival Committee, Washington, DC, November, 1997.

"How Deregulation Will Affect Power Quality and Energy Management," presented at the Power Quality and Energy Management Conference co-sponsored by Entergy and EPRI, New Orleans, LA, Nov. 14, 1997.

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Testimony

- Provided testimony and rebuttal testimony on behalf of Duke Energy Carolinas and Duke Energy Progress in South Carolina related to the appropriate regulatory policy and economic valuation of solar related net energy metering. Docket No. 2019-182-E, October 2020.

- Provided testimony and rebuttal testimony on behalf of Duke Energy Carolinas in North Carolina related to the appropriate regulatory policy with respect to the recovery of coal ash remediation costs. Docket No. E-7, Sub 1146, August 25, 2017.

- Provided testimony and rebuttal testimony on behalf of Duke Energy Progress in North Carolina related to the appropriate regulatory policy with respect to the recovery of coal ash remediation costs. Docket No. E-2, Sub 1142, June 1, 2017.

- Provided Testimony on behalf of Dominion Energy North Carolina related to the appropriate regulatory policy related to the Commission's rule regarding the use of the Company's nuclear capacity factor compared to national averages as a way to determine the prudence of nuclear operations in a fuel cost recovery proceeding, Docket No. E-22, Sub 546, October 2017.

- Presented testimony before the Mississippi Public Service Commission on behalf of Entergy Mississippi, Inc., in support of that company's revisions to its Formula Ratemaking procedures, Docket No. 2014-UN-132, June 2014.

- Rebuttal testimony for Progress Energy Carolinas, related to the economic and rate implications from an electric utility's loss of large load customers, North Carolina Utility Commission Docket No. E-2, Sub 1023, March 4, 2013.

- Provided a study to a Fortune 500 large Southeastern investor-owned utility related to the use of regulated electric rates designed to help retain current large industrial customers, and developed proposed testimony in support of this issue, 2012.

- Provided an affidavit in support of Progress Energy Carolinas to the North Carolina Utility Commission in a proceeding considering the appropriate avoided cost rates that should be paid to an independent power producer, Docket No. E-2, Sub 966, Sept. 2010.

- Presented testimony on behalf of Entergy Mississippi in an investigation of the Commissions procedures concerning confidentiality, Docket No. 2010-AD-259, August, 2010.

- Presented testimony before the Mississippi Public Service Commission on behalf of Entergy Mississippi, Inc..,

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- Presented testimony before the Mississippi Public Service Commission on behalf of Entergy Mississippi, Inc., in support of an energy efficiency pilot program and cost recovery mechanism, Docket No. 2009-UN-064, February, 2009.
- Presented testimony before the Mississippi Public Service Commission on behalf of Entergy Mississippi, Inc., in a proceeding to review statewide energy generation needs, Docket 2008-AD-270, August 2008.
- Presented testimony on behalf of Public Service of North Carolina related to the establishment of a formulary type rate setting mechanism for this natural gas LDC, August, 2008, Docket No. G-5, Sub 495.
- Presented testimony on behalf of Entergy Mississippi in an investigation of that utility's fuel charges and its fuel cost recovery, July, 2008, Docket No. 2008-AD-270.
- Presented testimony on behalf of Entergy Mississippi on its IRP or electric resource plan and demand side initiatives, June, 2008, Docket No. 2008-AD-158.
- Presented testimony for Duke Energy in North Carolina related to the approval to incur pre-construction costs for the proposed Lee Nuclear Station, Docket No. E-7, Sub 819, May, 2008.
- Presented testimony for Duke Energy in South Carolina related to the approval to incur pre-construction costs for the proposed Lee Nuclear Station, Docket No. 2007 -440-E, June, 2008.
- Presented rebuttal testimony for Duke Energy in North Carolina related to the recovery of costs incurred by Duke related to GridSouth and why these expenses should be fully recoverable at this time, Docket No. E-7, Sub 828, October, 2007.
- Provided testimony for Georgia Power in its 2007 Integrated Resource Plan reviewing the plan filed by the Company and discussing how its demand-side proposals were reasonable, compared the Company's demand-side proposals to those found in neighboring states, and discussed the application of the various tests used to evaluate demand-side programs (TRC, RIM, PTC), Docket number 24505-U, May, 2007.
- Presented two testimonies before the South Carolina Public Service Commission on behalf of South Carolina Electric and Gas, Duke Energy and Progress Energy Carolinas in the investigation of adoption of energy efficiency and generation standards related to the Energy Policy

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- Presented testimony before the North Carolina Public Utilities Commission on behalf of Duke Energy and Progress Energy Carolinas in the investigation of adoption of energy efficiency and generation standards related to the Energy Policy Act of 2005, Docket No. E-100, Sub 108 November 2006.

- Presented testimony before the North Carolina Public Utilities Commission on behalf of Duke Energy in the investigation of Duke Energy's 2006 Integrated Resource Plan, Docket No. E-100, Sub 103, June, 2006.

- Provided testimony for Georgia Power in its 2005 Fuel Adjustment Hearing on the issue of the appropriate pricing methodology for the dispatch and sale of electricity in the Southern Company system, Docket number 19142-U, April, 2005.

- Presented testimony on behalf of South Carolina Electric and Gas Company before the South Carolina Public Utility Commission for South Carolina Pipeline Company related to the inclusion of a generating plant in rate base and to the recovery of RTO (Gridsouth) related costs, Docket No. 2004-178-E, October, 2004.

- Presented testimony on behalf of Entergy Mississippi before the Mississippi civil court dealing with maintaining the confidentiality of special use contracts, August, 2004.

- Presented rebuttal testimony before the South Carolina Public Utility Commission for South Carolina Pipeline Company related to the reasons for continuing a program that allows flexible, competitive based pricing for large, interruptible customers that have alternative fuels, Docket No. 2004-6-G, May 29, 2004.

- Presented testimony before the Georgia Public Service Commission on the appropriate range for a return on equity earnings band (a form of performance based regulation) to set in a Savannah Electric & Power Company rate case, Docket No. 14618-U, April, 2002.

- Presented testimony before the Georgia Public Service Commission on behalf of Scana Energy Marketing related to affiliate relationships and the appropriate affiliate rules between Atlanta Gas Light Company's regulated and unregulated affiliates. Docket No. 146060-U, August 24, 2001.

- Presented testimony before the Georgia Public Service Commission on the appropriate range for a return on equity earnings band (a form of performance based regulation) to set in a Georgia Power Company rate case, Docket No. 14000-U, November 19, 2001.

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- Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power the appropriate affiliate relationship protections necessary in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0.

- Presented testimony before the South Carolina Public Service Commission on behalf of South Carolina Pipeline Corporation regarding issues related to its annual review of gas costs as reflected in its purchase gas adjustment charge, Docket No. 1999-007-G, September, 1999.

- Presented testimony before the Arkansas Public Service Commission on behalf of Entergy Arkansas, Inc. regarding regulatory policies related to the definition of public utilities as it impacts citing requirements of non-utility owned generating facilities, Dockets No. 98-337-U, March 9, 1999.

- Presented Rebuttal and Surrebuttal testimony before the Louisiana Public Service Commission on behalf of Entergy Louisiana, Inc. and Entergy Gulf States regarding regulatory policies related to stranded cost recovery and on the issue of whether investors have been compensated for the risk of not recovering stranded costs, Dockets Nos. U-22092SC and U-20925, September, 1998.

- Presented testimony to the South Carolina Public Utility Commission for South Carolina Pipeline Corp. related to acquisition adjustments and regulatory policies related to performance based regulation, Docket No. 90-588-G, June, 1998.

- Testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power exchanges, legislation, taxes and regulatory polices, April 16, 17, 1997.

- Support of Transition Proposals filed by Virginia Power Corporation, March, 1997.

- Entergy Arkansas testimony in support of Transition to Competition Filing, 1997.

- Entergy Louisiana testimony in support of Transition to Competition Filing, 1997.

- Support of Performance Based Regulation for GTE South Inc., Docket No. P-19, Sub 277, before the North Carolina Utility Commission, filed Nov. 22, 1995.

- Stranded Cost Regulatory Policy and Recovery Testimony before the South Carolina Public Service Commission, the Commission approved the request Dr. Wright was advocating, Docket No. 95-1000-E, October 27,1995.

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- Performance based rate making mechanism and rate levels, testimony on behalf of South Carolina Pipeline Corporation, Docket No. 90-588-G, filed August 3, 1995.

- Prudence Review of Power Resource Planning for Central Vermont Public Service Company, Docket No. 5724, September 7, 1994.

- Rebuttal testimony on behalf of Central Vermont Public Service Company, Docket 5724, September 7, 1994.

- Surrebuttal testimony on behalf of Central Vermont Public Service Company, Docket No. 5724, September 9, 1994.

Education

Dr. Wright received a Ph.D. in Economics from North Carolina State University, focusing on regulatory and environmental economics, and is a member of the honor society.

He received an MBA in finance from Georgia State University in 1978, graduating with honors.

He received a Master of Economics from North Carolina State University in 1991 and was a member of the honor society.

He received a B.S. in Chemistry from Valdosta State College in Valdosta, Georgia, graduating Magna Cum Laud.

In addition, he has completed the Michigan State University Regulatory Course, several other NARUC courses on regulation, been an instructor on regulatory issues at several NARUC courses, completed management courses at Corning Glass and financial seminars at Bank Boston and Merrill Lynch dealing with regulation.

Dr. Wright (in 2011) has also been a Visiting Professor at the University of the Virgin Islands teaching sophomore courses in both Macro and Micro Economics.

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Exhibit JAW-2

Deep Point Ferry Terminal and Surrounding Areas

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EXHIBIT JAW-2
Deep Point Ferry Terminal, The Terminal Parking Facilities (outlined in red), and Surrounding Areas

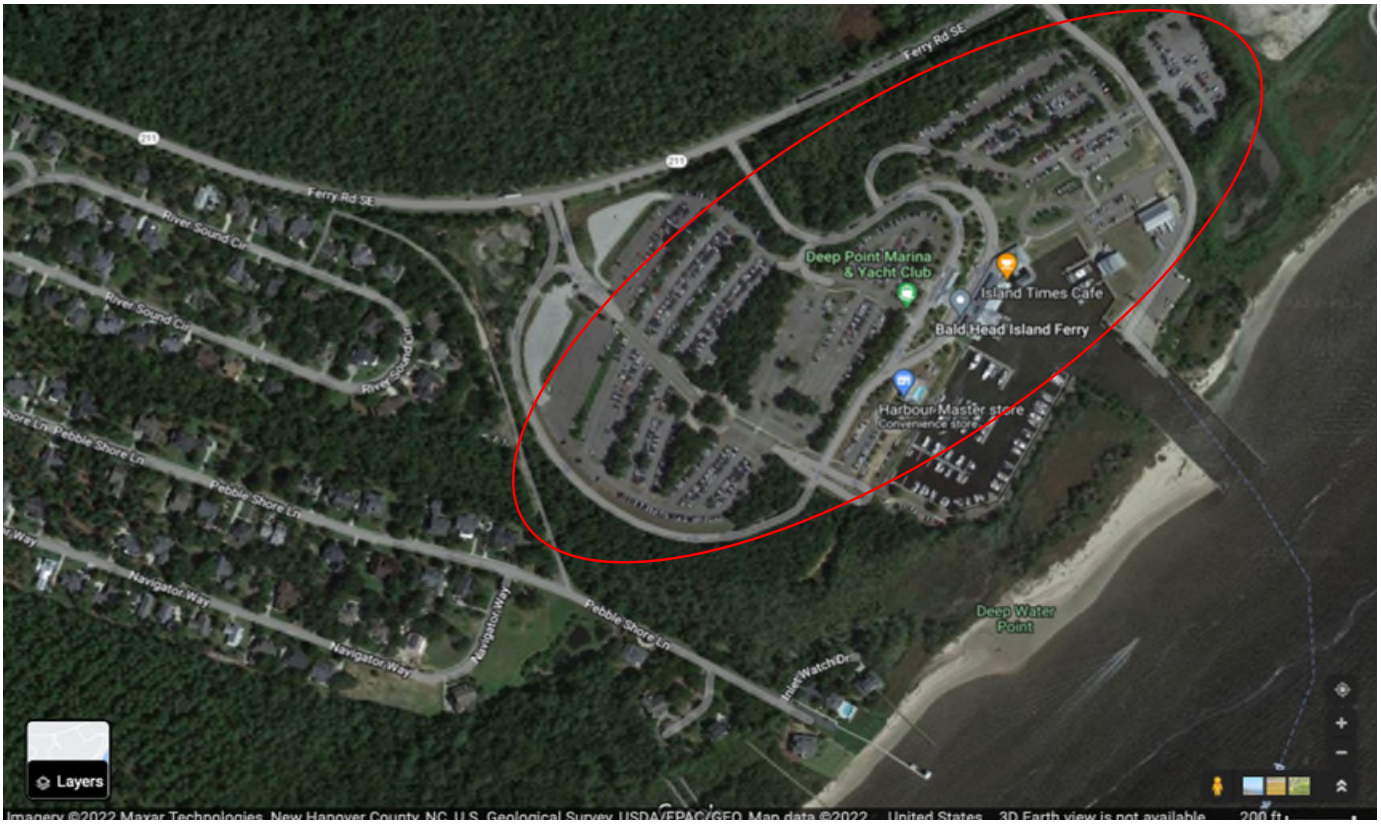

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Exhibit JAW-3

Parking Operations

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EXHIBIT JAW-3

Parking Operations

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Source: Bald Head Island Limited, LLC, VBHI Complaint Data Response – Parking, at 2 [BHIL/BHIT 000974]

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Exhibit JAW-4

Screenshots from Bald Head Island Ferry Website

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EXHIBIT JAW-4

FIGURE 1: OPENING PAGE OF BALD HEAD ISLAND INFORMATION WEBSITE UNDER "GENERAL INFORMATION TAB DEEP POINT AERIAL/360 TOUR"

see: https://baldheadislandferry.com/faq

FIGURE 2: OPENING PAGE OF BALD HEAD ISLAND INFORMATION WEBSITE UNDER "GENERAL INFORMATION TAB DEEP POINT AERIAL/360 TOUR – QUICK ARRIVING GUIDE"

see: https://baldheadislandferry.com/faq

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FIGURE 3: OPENING PAGE OF BALD HEAD ISLAND INFORMATION WEBSITE UNDER "GENERAL INFORMATION TAB DEEP POINT AERIAL/360 TOUR – QUICK DEPARTING GUIDE"
see: https://baldheadislandferry.com/faq

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Exhibit JAW-5

Screenshot from MLS Listing

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EXHIBIT JAW-5

MLS Listing

Source: MLS listing (available at https://www.remax.com/nc/southport/home-details/00-ferry-road-southport-nc-28461/2215788053244912011/M00000722/100007914)

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Exhibit JAW-6 Intentionally Omitted

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Exhibit JAW-7 Intentionally Omitted

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Exhibit JAW-8 Intentionally Omitted

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Exhibit JAW-9

Bond Feasibility Study for the Bald Head Island Transportation Authority, Mercator International, LLC Draft 4, Dec 2020

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Bond Feasibility Study

for the Bald Head Island Transportation Authority

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1. Background

The community of Bald Head Island (BHI or the Island) is located on the southernmost of North Carolina's Barrier Islands, approximately 30 miles south of Wilmington, North Carolina. The Island is not connected to the mainland by bridge or tunnel. Bald Head Island Limited LLC (BHI Limited or BHIL) is the parent company that owns and operates three separate lines of business: (i) Bald Head Island Transportation Inc. (BHI Transportation), (ii) parking operations at the Deep Point terminal, and (iii) the tug and freight barge service.

BHI Transportation owns and operates the ferry services to and from the Island as well as the on-island tram service. The mainland facilities and Island side facilities used for the ferry operations are owned by BHI Limited and leased to BHI Transportation. Parking operations are owned by BHI Limited and include more than 35 acres of parking lots that are used by the passengers of the ferry system. The tug and freight barge service is also owned by BHI Limited and it operates the roll-on roll-off (RoRo) tug and freight barge services that transport all cargo and vehicles moving to and from BHI.[1]

In 2017, the Bald Head Island Transportation Authority (BHITA, or the Authority) was created by the North Carolina legislature with the mandate to purchase the transportation, parking, and tug and freight barge operations, as well as the mainland and island transportation and terminal infrastructure assets, from BHI Limited and BHI Transportation. Employing the existing management and staff to ensure continuity, the Authority intends to operate these assets and provide reliable transportation services to visitors and residents of BHI.

As part of this process, the Authority is now seeking to secure financing to complete the purchase of these assets through a public bond offering. It is the intention of the Authority that this document along with the other bond offering documents will provide the necessary information that potential investors need concerning the issuer and the bond. This document addresses the general outlook for the businesses currently owned and operated by BHI Limited, the condition of the critical transportation infrastructure, the performance of the operations, the expected demand for the services to be provided by BHITA, and the expected earnings and cash flows for the Authority.

1.1 Objective

The objective of this study is to review the main operations that are to be acquired by the Authority; to develop volume, revenue, cost, earnings and capital expense forecasts for those activities; and to thereby assess the ability of the Authority to repay the bonds which it would issue to complete the purchase of the assets and operations of BHI Limited.

1.2 Structure of the report

Section 2 presents the assessment of the BHI Transportation activities, which include the passenger ferry and on-island tram services. *Section 3* describes the parking activities and tug and freight barge activities. For each activity area, we review the operations and capacity and provide an evaluation of associated assets. *Section 4* analyzes the market demand, economic drivers, historical statistics, and long-term

[1] In a Roll-on / Roll-off shipping system, the seagoing vessel is docked and joined to land by a ramp. Cargo carried with such a system (whether it be autos, trucks, or rolling machinery) is driven on and off the vessel using the ramp.

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forecasts for the ferry and tram, parking, and tug and freight barge activities. *Section 5* presents the financial analysis including cash flow forecasts for the ferry and tram, parking, and tug and freight barge operations. *Section 6* presents the conclusions from our analysis.

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2. Core passenger business: ferry and on-island tram

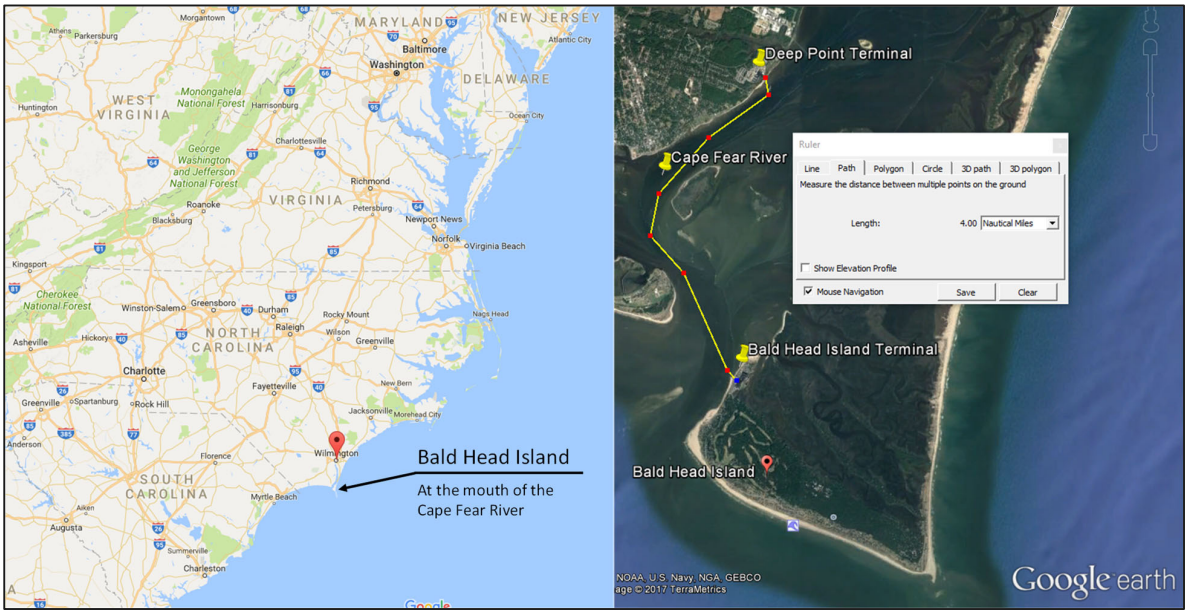
This section presents the analysis for BHI Transportation. Specifically, it discusses the analysis and findings for the passenger ferry and on-island tram business. First, a description and assessment of the ferry business is provided, followed by an assessment of the on-island tram operations. This section concludes with a summary of key takeaways.

2.1 Ferry service

2.1.1 Description of ferry business

BHI Transportation is the sole provider of passenger transportation service across the Cape Fear River to and from BHI, and as such provides an essential link between BHI and the main North Carolina landmass.[2] The one-way trip of approximately four nautical miles requires about 30 minutes, including loading and discharge time, allowing a ferry vessel to complete a round-trip voyage every hour. The location of Bald Head Island and the route of the ferry and the freight barge service across the Cape Fear River are illustrated in Figure 1.

Figure 1: Location and route of the ferry and freight barge services across the Cape Fear River



BHI is a community of about 1,300 residential housing units, along with a number of commercial and retail buildings, restaurants, clubs and a golf course that serve the residents and guests of the Island. Now a thriving residential and vacation destination, the Island was first occupied by non-native settlers in the late 1700s, but until about 1970, there was little developed infrastructure. The modern developments date from the 1980s when the pace of construction sharply increased. Regular ferry service using ferry terminals commenced in 1982. The ferry and on-island tram service became regulated by the North

[2] Other than using the BHI Transportation ferries, the only other way to access the Island is via private non-commercial boats.

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Carolina Utilities Commission (NCUC) in 1993. Since that time, there has been only one rate increase which was implemented in 2011.

2.1.2 Ferry operations overview

BHI Transportation operates its ferry transportation service from the Deep Point Terminal in Southport, North Carolina to BHI across the Cape Fear River, also located in North Carolina. This ferry service provides the only commercial means of access to BHI.[3] Therefore, it carries all regular passenger traffic to and from the Island, including permanent residents, visitors/guests, and the workforce that is responsible for developing, maintaining, and operating all activities on the Island. Schedule frequency and service levels are vital to the total guest experience and the operation of the Island and are maintained and managed very efficiently by the current operating staff.

In 2019, BHI Transportation performed 8,127 round-trip (R-T) ferry sailings and carried about 357,000 passengers to (and from) the Island. Ferry service is provided every day, year-round, with two different schedules: *(i) Summer*, from April to October, and *(ii) Winter*, from November to March. During holiday peak periods the ferry provides additional sailings to meet demand. The high frequency ferry service makes a minimum of 24 round trip sailings per day during the summer season and a minimum of 16 round trip sailings per day during the winter season. Each crossing requires about 30 minutes, allowing a single ferry boat to provide crossings every hour from either side.

Ferry operations are conducted using four passenger ferries, each licensed by the US Coast Guard (USCG) to carry 150 passengers.[4] The normal summer schedule, with departures every hour throughout the day, and with additional departures on the half hour during periods of higher demand (such as weekday mornings and afternoons when the Island workforce arrives and departs, and on weekends) can be maintained with just two ferries operating on any given day. This allows time to cycle ferries in and out of service and provide the required off-duty time for routine maintenance and vessel repairs. The four-ferry fleet also allows the addition of a third ferry to meet peak demand during high volume periods such as holidays and peak-season weekends.

The ferry vessels have been maintained in good condition with regular service provided at designated intervals and repairs addressed as needed. This has ensured schedule integrity and long-term service life of the vessels. *Section 2.1.5* of this report provides further insight into the marine maintenance functions. The BHI Transportation ferry operation is well-managed and carefully run, resulting in a high level of schedule integrity and vessel safety.

2.1.3 Ferry system capacity and peak demand profiles

The average capacity utilization level of the ferry voyages completed during the 12 months of 2019 was about 29 percent—an increase of 4 percentage points from the 25 percent observed in 2016. Utilization during the three-month peak summer season increased from about 34 percent to 38 percent over the same period. However, because the overall demand is uneven across the seasons and the week, with varying levels of demand and a directional bias based on the time of day and day of the week, and because

[3] The only other way to reach Bald Head Island is via private boat.

[4] During the current COVID-19 pandemic (as of July 2020), authorities have limited capacity per ferry to 75, or 50% of normal.

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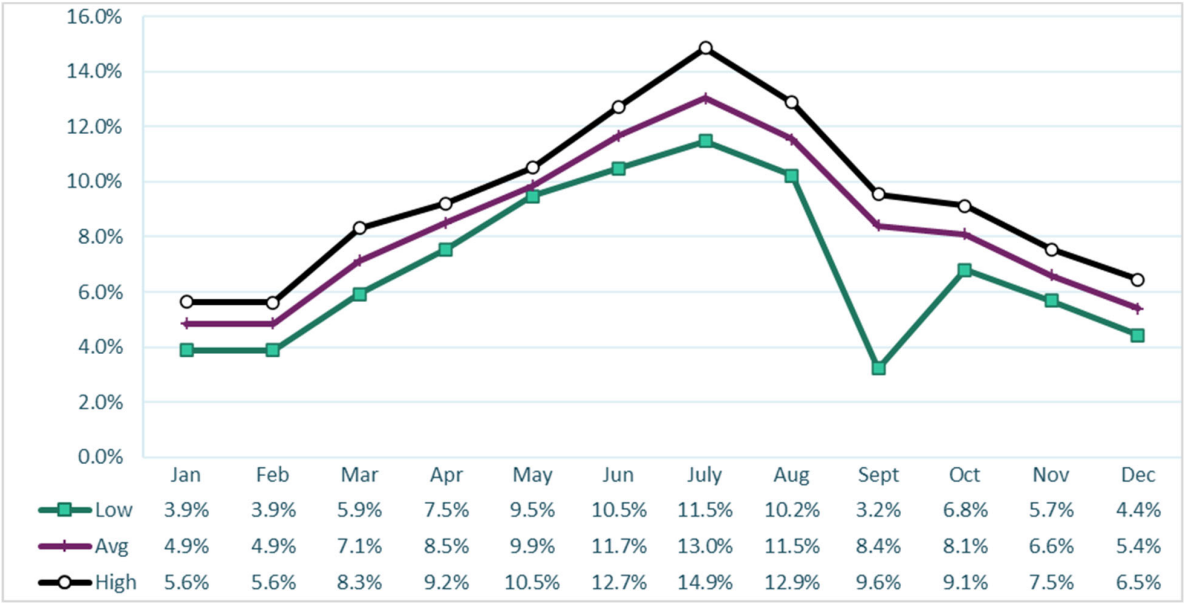
the operator has the flexibility to add capacity when needed, the average utilization does not give a complete picture of system capacity.

The annual capacity of the ferry system was estimated on the basis of satisfying the natural patterns of demand, including the seasonal, weekend, and holiday peaks, considering the ability of the system to increase the frequency of service to meet those peak demands.

Analysis of monthly ridership statistics from 1997 to 2019 showed a consistent pattern in which the peak month of ridership (July) accounted for between 11.5 and 14.9 percent of annual volumes, with an average of 13 percent of the total annual traffic. In low season months, ridership had a range from 3.9 to 7.5 percent with an average of about 6 percent of total annual traffic. The results of the ridership seasonality analysis are presented in Figure 2.

Figure 2: Percent of annual riders by month, 1997-2019



	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Low	3.9%	3.9%	5.9%	7.5%	9.5%	10.5%	11.5%	10.2%	3.2%	6.8%	5.7%	4.4%
Avg	4.9%	4.9%	7.1%	8.5%	9.9%	11.7%	13.0%	11.5%	8.4%	8.1%	6.6%	5.4%
High	5.6%	5.6%	8.3%	9.2%	10.5%	12.7%	14.9%	12.9%	9.6%	9.1%	7.5%	6.5%

* There was an abnormal drop in volume in September 2018 due to Hurricane Florence, which accounts for the anomaly in the chart

The capacity of the system to support increased overall ridership is dependent on the ability to continue handling peak demands, which vary both by season and by day of the week. Peak demand within a week was assessed based on the ridership distribution by day-of-week, as illustrated in Figure 3. Employee and contractor traffic is more evenly distributed across the week, while property owner and guest traffic is concentrated at the end of the week and during the weekend. This produces a traffic pattern with a peak in which just less than 20 percent of the weekly total traffic is moved on a single day (i.e. Saturdays).

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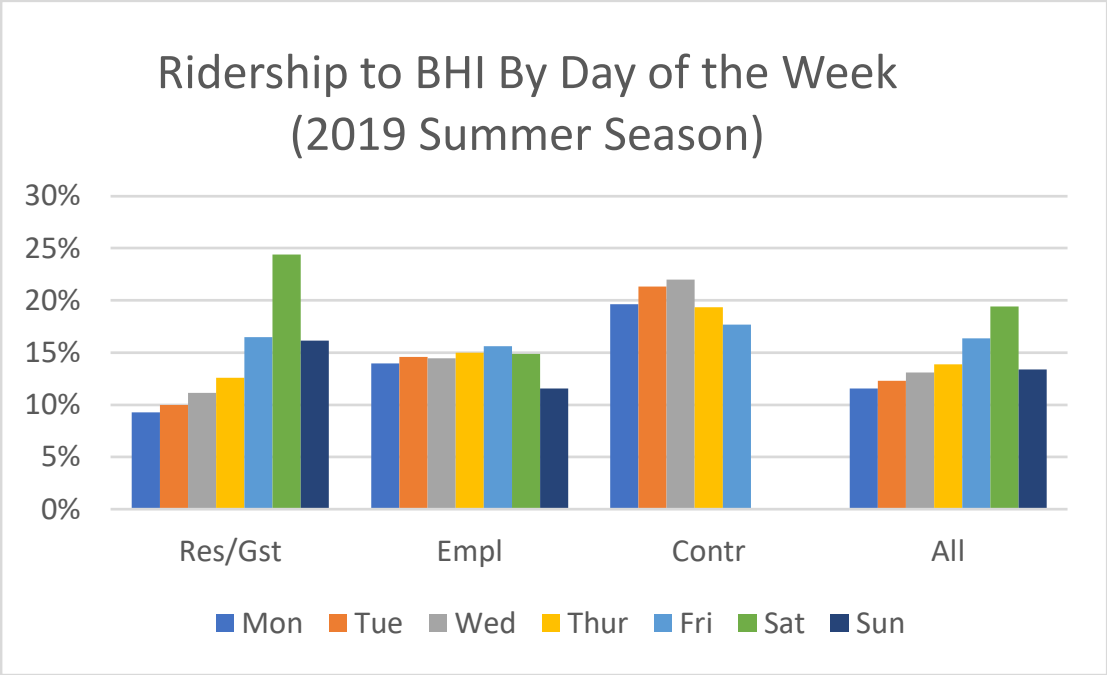
Figure 3: Distribution of passenger departures from Deep Point by day of week and type: contractor, employee, residents/guests, and overall totals



Existing volume levels are satisfied with one sailing per hour throughout the day, with a second sailing operated as needed during high-traffic morning or evening periods when most workers arrive or depart the Island. The number of sailings per day is typically between 16 and 25, with the total number of 2019 sailings adding up to 8,127.

As traffic volumes rise and utilization increases, it will be necessary to extend the periods of twice-per-hour sailings, and eventually offer three sailings per hour on a routine basis during high demand periods.

The peak day passenger traffic was estimated for different levels of annual traffic. For this peak requirement analysis, it was estimated conservatively that traffic in the peak month is 15 percent of the annual traffic, and that 25 percent of the weekly traffic is carried on the peak day. In Table 1, peak day traffic and required number of voyages are computed for different levels of annual demand, assuming that the average utilization on peak days would be 60 percent, which is consistent with 2019 activity.

Table 1: Peak ferry capacity and frequency requirements at increasing levels of passenger traffic

Annual Traffic	**300,000**	**350,000**	**400,000**	**450,000**	**500,000**	**550,000**	**600,000**
% of Year in Peak Month	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Weeks Per Month	4	4	4	4	4	4	4
Traffic in Peak Week	**11,300**	**13,100**	**15,000**	**16,900**	**18,800**	**20,600**	**22,500**
Peak Day As % of the Peak Week	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Peak Day Traffic	2,825	3,275	3,750	4,225	4,700	5,150	5,625
Utilization on Peak Days	60%	60%	60%	60%	60%	60%	60%
Peak Day Sailings	**31**	**36**	**42**	**47**	**52**	**57**	**63**

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Operating three ferry vessels, to provide three departures every hour between 5:30 am to 1:00 am (utilizing the two berths at each terminal), the peak day schedule could include up to about 55 sailings, which, on the basis of our conservative assumptions, would meet the estimated peak capacity requirement for a year in which the system carried 530,000 total ferry passengers to the Island.

This estimate that the system capacity could support a traffic level of 530,000 passengers per year is confirmed by the following straightforward assessment. Analysis of 2019 voyage records revealed that the 2019 volume was accommodated on nearly all days using at most two ferries with maximum sailing frequency of two per hour. We know, however, that the system can operate three sailings per hour, or even four if needed. We can be confident, therefore, that by increasing sailing frequencies as needed (from one to two or from two to three) the system can deliver a 50 percent increase in capacity. A 50 percent increase over 2019 traffic would be about 535,000 passengers, which corroborates the estimate described above.

Based on this peak capacity analysis, the approximate **annual capacity of the system**, using the two berths at each of the terminals and a four-boat ferry fleet with the current 150 passenger capacity, is estimated to be **535,000 passengers per year**.[5]

BHI Transportation operates three passenger ferries on a limited number of peak days, primarily on summer holiday periods. The analysis of peak day requirements suggests that three catamaran ferries will be increasingly required for peak periods once the annual traffic exceeds about 450,000 passengers, but this requirement will not come into play until well after one of the monohull ferries has been replaced with a catamaran ferry.[6]

The required number of sailings in each year will depend on overall traffic levels and the distribution of traffic across the year. For much of the year and for certain times of the day, a 50 percent or even 100 percent increase in traffic could be accommodated without additional sailings, while additional sailings would be required far sooner during other parts of the calendar if traffic increased by 50 percent. Mercator examined traffic and utilization patterns to determine the number of additional sailings that would be required, at increased levels of annual traffic, to keep utilization levels during peak demand periods below 100 percent, assuming a distribution of passenger demand that is similar to the current distribution.[7] The results of this analysis are depicted in Figure 4.

[5] As a consequence of the COVID-19 pandemic, the maximum number of passengers carried per sailing was reduced in March 2020 from 150 to just 25, but has been increased in steps back up to 100, but still short of the standard 150 passenger level. This has increased passenger waiting times because of the reduction of available capacity on each sailing. Because the system operates at a low level of average utilization (29% overall during 2019, and 38% during the summer season), the reduced capacity per sailing principally only impacts waiting times during the high demand periods.

[6] The system generally operates with two ferry departures per hour across the two berths during "normal" high demand periods, and three departures per hour during certain holidays or other periods of exceptionally high demand. The "exceptional peak" level of operations could be increased to four sailings per hour if that was required. It is also noted that the peak periods are of limited duration, and that with the use of reservations or other load management techniques, the traffic could be more evenly distributed across a given day or week, thereby raising average utilization and raising annual capacity.

[7] Said another way, the objective of this analysis was to assess how many additional voyages would be required to avoid having passengers that could not board the next available ferry due to capacity limits.

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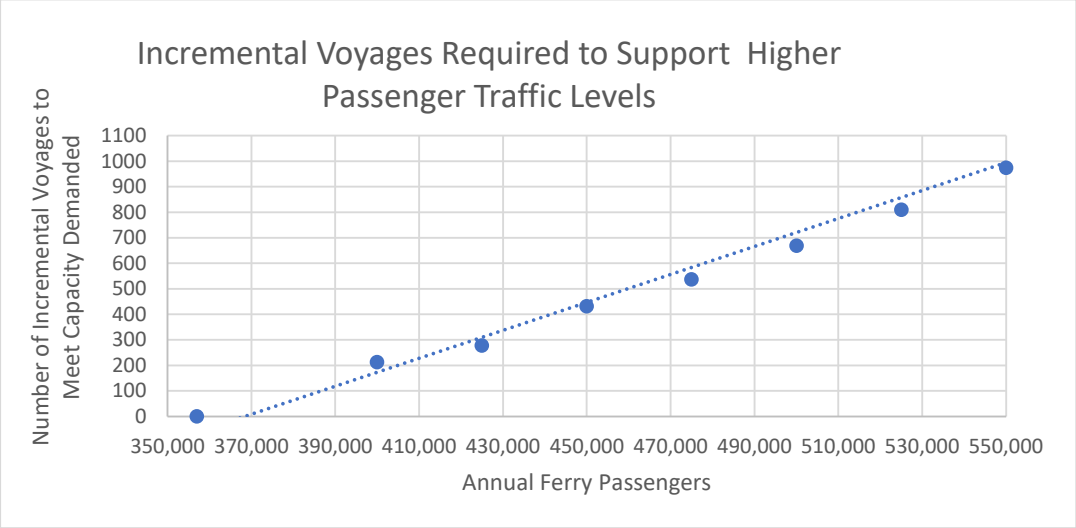
Figure 4: Incremental annual voyages to support increased traffic levels



This result was used to determine the number of voyages that would need to be added to the schedule to meet the capacity requirement from Deep Point to BHI as traffic increased: an increase from about 357,000 to 530,000 passengers would require about 900 additional voyages – on average one voyage for each 190 additional passengers. However, because of the asymmetry of timing of traffic to and from the Island, a roughly equivalent number of additional voyages would need to be operated to provide the additional return capacity, such that in total, the system would need to operate one additional voyage for each 95 passenger increase in traffic.

In practice, the additional voyages cannot simply be added one-by-one, so to provide a conservative estimate of costs for added voyages and allow for the practical issues of scheduling, we assume the BHITA will be adding one additional voyage for each increase of 75 R-T passengers.

2.1.4 Evaluation of marine assets

The BHI Transportation ferry fleet is composed of four ferries: (i) *Adventure*, (ii) *Sans Souci* (iii) *Patriot*, and (iv) *Ranger*, which are listed in Table 2 along with selected key facts. Each of the four vessels was individually inspected by a Mercator specialist in June 2017, which included entering and visually inspecting key areas such as: engine rooms, steering gear compartments, passenger areas, wheelhouses, open decks, etc. Mercator specialists also reviewed key documents such as past vessel surveys, U.S. Coast Guard (USCG) Certificates of Inspection (COI) and Stability Letters. To complement the physical inspections, Mercator reviewed additional documentation, such as the *2012 Survey Reports by The Marine Surveyor Group* out of Fort Lauderdale, Florida and the 2018-19 surveys by KOPCO Marine Services, Inc. In-person and detailed discussions with the management of BHI Transportation were held to gather information and understand its operations.

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Table 2: Key facts of BHI Transportation fleet[8]

Vessel name	*Adventure*	*Sans Souci*	*Patriot*	*Ranger*
Year built	1987	1976	2003	2006
Builder	Breaux Brothers Enterprises, Inc.	Lapco Industries, Lafayette, LA	Island Boat, Jeanerette, LA	Island Boat, Jeanerette, LA
Length	65 ft.	72 ft	82 ft	82 ft
Beam	22 ft.	22.4 ft	28 ft	28 ft
Draft	3.75 ft fwd 4.25 ft aft	5 ft aft	3.5 ft fwd 5.25 ft aft	6 ft aft
USCG – COI	Subchapter T	Subchapter T	Subchapter T	Subchapter T
Hull	Monohull	Monohull	Catamaran	Catamaran
Horsepower (hp)	640 hp (each)	640 hp (each)	640 hp (each)	640 hp (each)
Main engine	Cummins KTA-19 M3	Cummins KTA-19 M3	Cummins KTA-19 M3	Cummins KTA-19 M4
Engine hours since new	41,025 hrs	22,257 hrs	53,358 hrs	49,832 hrs
Engine hours since last overhaul	2,563 hrs	3,026 hrs	13,314 hrs	7,884 hrs
COI expiration date	Apr 27, 2021	Apr 25, 2022	Sep 11, 2023	Mar 24, 2021
Dry docking due date	Jan 31, 2022	Jan 17, 2022	Jan 31, 2021	Mar 31, 2022

- ***Adventure*.** A monohull aluminum ferry certified for 150 passengers plus 13 baggage dollies built in 1987. The vessel was repowered to twin Cummins KTA19–M3 (640 hp) main engines in 2003. The *Adventure* was found to be in good seaworthy condition and well maintained. Monthly and weekly marine maintenance activity records show no outstanding compliance items. All equipment was reported to be running well. The vessel appeared structurally sound and vital equipment such as main engines were overhauled in 2018 and are well within their maximum operating hours limit. Main and auxiliary engines are run on Ultra-Low Sulphur Diesel (ULSD).

- ***Sans Souci*.** A monohull aluminum ferry certified for 150 passengers plus 11 baggage dollies built in 1976. The vessel, the oldest vessel of the fleet, was repowered to twin *Cummins KTA19–M3 (640 hp)* in 2002. The *Sans Souci* was found to be in good seaworthy condition and well maintained. Monthly and weekly marine maintenance activity records show no outstanding compliance items. All equipment was reported to be running well. The vessel appeared to be structurally sound, and vital equipment such as main engines are well within maximum operating hours limit. Main and auxiliary engines are run on ULSD. The main engines were last overhauled in 2018 (replaced with factory re-conditioned units), and BHI Transportation operating personnel find the vessel to be a very good performer. During her 2014 drydocking, some hull plating was replaced to correct the effects of localized corrosion. This is typical for aluminum hulls that start

[8] All of the BHI ferries and freight operation vessels have also been recently inspected (during 2018 - 2019) by KOPCO Marine Services, Inc., which found them to be in satisfactory condition. Engine hours and inspection status as of June 2020.

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to show localized corrosion. Despite her good performance and the possibility that she could effectively continue in service beyond 2024, Mercator has assumed she will be replaced by 2024, with the cost for the replacement reflected in Mercator's Capex forecast for FY 2023 and 2024.

- ***Patriot*.** A catamaran aluminum ferry certified for 150 passengers plus 22 baggage dollies built in 2003. This vessel is powered with twin *Cummins KTA19–M3 (640 hp)* main engines. The *Patriot* was found to be in good seaworthy condition and well maintained. Monthly and weekly marine maintenance activity records show no outstanding compliance items. All equipment was reported to be running well. The vessel looked to be structurally sound and all vital equipment, such as main engines which were overhauled in 2016, are well within maximum operating hours limit. Main and auxiliary engines are run on ULSD.

- ***Ranger*.** A catamaran aluminum ferry certified for 150 passengers plus 22 baggage dollies built in 2006. This vessel is powered with twin *Cummins KTA19–M4 (640hp)* main engines. The *Ranger* was found to be in good seaworthy condition and well maintained. Monthly and weekly marine maintenance activity records show no outstanding compliance items. All equipment was reported to be running well. The *Ranger* looked structurally sound and vital equipment, such as main engines which were overhauled in 2017/2019, are well within maximum operating hours limit. Main and auxiliary engines are run on ULSD.

Ferry vessel replacement

- ***Sans Souci*** is the oldest vessel in the fleet and continues to perform well, with an estimated three to five years or more of remaining service life. Due to the light duty and good maintenance, and despite her age, maintenance costs for the ferry have not shown an upward trend, and so prompt replacement may not be required. For the purpose of the bond feasibility analysis, however, it is assumed that San Souci will be replaced in 2023 (FY 2024) with a catamaran ferry similar to *Patriot* and *Ranger* (at a current 2020 cost of about $4.5 million). The current market value of *San Souci was estimated by KOPCO to* be about $410,000.

- ***Adventure*** is in very good condition and likely has another 13 to 17 years of remaining service life. After surveying the vessel in 2018, KOPCO estimated her fair market value at about $590,000. For the purpose of the bond feasibility analysis, it is assumed that *Adventure* will be replaced in 2033 with a catamaran ferry similar to *Patriot* and *Ranger*.

- ***Patriot*** and ***Ranger*** are fairly new vessels (17 yrs and 14 years old, respectively) and their remaining service life is estimated to be **at least 30 years**. Estimated new ferry vessel replacement cost in the current market is about $4-4.5 million.

2.1.5 Evaluation of marine maintenance operations

The marine maintenance and repair (M&R) department of BHI Transportation supports both the passenger ferry operation and the tug and freight barge operation. This department operates out of a dedicated maintenance facility located immediately adjacent to the Deep Point Marina terminal, where the ferries and the tug and freight barge are kept when not actively in service, enabling easy and direct access to undertake repair and maintenance activities. A photo of the Marine Maintenance Facility is provided in Figure 5. The marine M&R operations were evaluated based on discussions with the Marine

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Manager and a physical inspection of the marine M&R dedicated facility, a review of M&R records as well as a review of the *BHI Transportation Marine Operations Manual*.

Figure 5: The Marine Maintenance Facility at Deep Point

BHI Transportation management has made operational reliability and safety paramount priorities in order to deliver a high-quality experience to the property owners, guests and workers that it transports to the Island, and to ensure the reliable delivery of critical freight to the Island. A well-staffed and equipped maintenance department exists to achieve this objective. The maintenance facilities themselves were found to be in excellent condition and well suited to the requirements of the operation.

The four ferries are dry-docked every two years, normally in a nearby shipyard. These are regulatory dry-dockings as required by the USCG. Apart from dry-docking, there is a very diligent M&R program carried out by BHI Transportation's competent staff in the marine M&R department for completing routine maintenance and promptly addressing the vessel repair requests (VRR) filled out by vessel captains. Each Captain has a hand-held device on which to record a problem or an issue, which transmits the problem report to the marine M&R team.

Depending on the severity of the issue, the vessel may be taken off-line if needed, replaced by a different vessel, or more commonly, the VRR will be logged and the problem will be evaluated and solved during the next scheduled off-service time of the vessel. Every vessel has off-service time during each day and a full day off-service on alternate days. In general, two out of the four vessels are in service during peak periods and only one during off-peak periods of the day.

The marine M&R department takes care of all main engine overhauls and rebuilds them in-house. BHI Transportation follows the overhaul and re-power schedule for the ferries shown in Table 3 with some

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adjustments made if indicated by changes in fuel consumption. The marine M&R department of BHI Transportation is a well-managed and competent group that has demonstrated its ability to efficiently take care of the current M&R activity required to run the ferries safely and on schedule.

Table 3: Overhaul and re-power schedule for ferries

Scheduled time	Type of M&R service	Total engine-life hours	Overhaul, rebuild, or repower
2nd year	6,000 hrs service	6,000 hrs	maintenance service
4th year	6,000 hrs service	12,000 hrs	maintenance service
6th year	18,000 hrs service	18,000 hrs	overhaul
8th year	6,000 hrs service	24,000 hrs	maintenance service
10th year	6,000 hrs service	30,000 hrs	maintenance service
12th year	18,000 hrs service	36,000 hrs	overhaul or rebuild
14th year	6,000 hrs service	42,000 hrs	maintenance service
16th year	6,000 hrs service	48,000 hrs	maintenance service
18th year	18,000 hrs service	54,000 hrs	rebuild or repower

Over the last six years, the average annual M&R cost per vessel has been approximately $82,000 per year, which includes both the periodic major repair and overhaul costs that are capitalized, as well as the ongoing routine M&R costs that are expensed, but excludes the salary and other costs of the full-time maintenance department. Future M&R costs are projected on the basis of this historical spending and expected overhaul schedules.

2.1.6 Evaluation of landside ferry assets at Deep Point Marina

Passenger ferry operations at the Deep Point Marina campus began in June 2009.[9] The campus has a total area of approximately 76 acres. The transportation and parking portion of the property cover about 51.8 acres, which includes the ferry facility and administrative offices, parking lots, the marine M&R facility, and tug and freight barge areas, as shown in Figure 6.

The ferry terminal is built partially on land and over water. The landside structure is a two-story building which supports the administration offices, passenger drop off and pick up areas, the ferry ticket office, and other small support offices and areas. The waterside structure, built on twenty-inch by twenty-inch (20” x 20”) concrete piles, supports both the passenger waiting area and the ferry vessel passenger and cargo loading and discharge areas.

An all concrete sheet pile bulkhead is approximately 2,800 ft in length. This bulkhead forms the boundary around the small boat marina, the main passenger ferry terminal, the contractor terminal, the vessel maintenance piers, and the freight barge loading area. Two jetties, also constructed with concrete sheet pile bulkheads, extend approximately 600 ft into the Cape Fear River and form the protected entrance way into the ferry terminal and marina basin.

[9] Deep Point terminal construction started in 2007 and the facility opened in June 2009. However, the contractor ferry began using the site prior to construction of the main passenger terminal.

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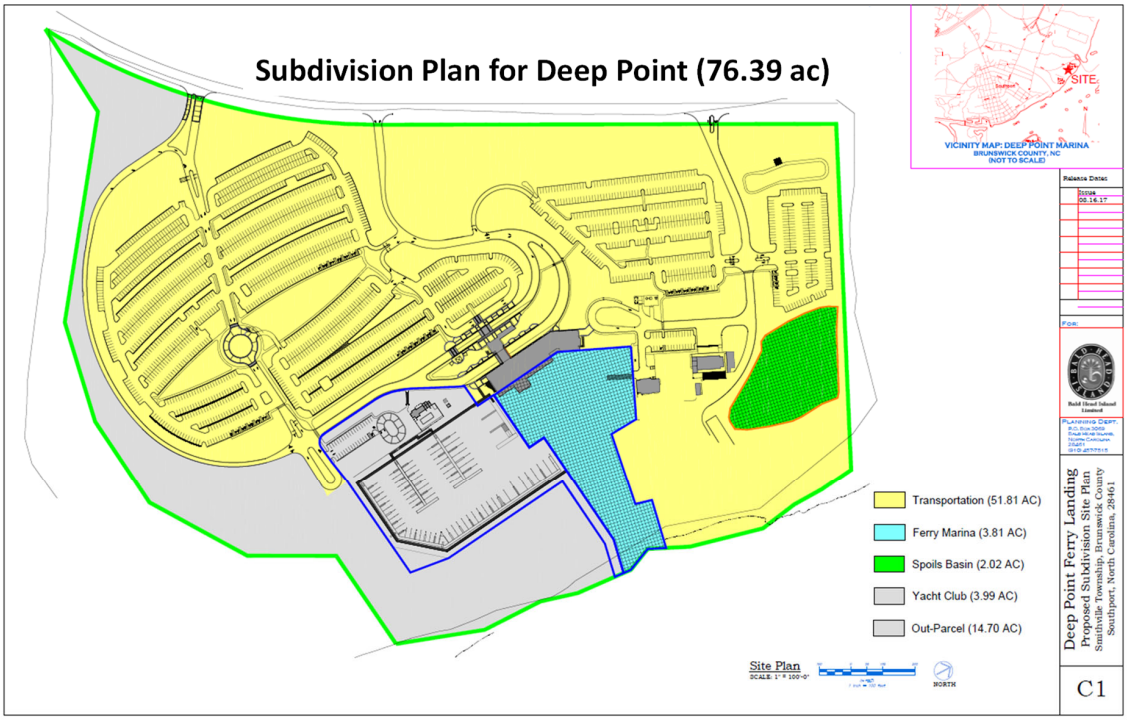
Figure 6: Deep Point Marine Terminal—subdivision site map



General condition assessment

In 2017, as part of a previous engagement with BHI Limited, Mercator conducted a condition assessment inspection of the bulkhead in the area of the ferry terminal, the vessel maintenance area, the freight barge area, and the two jetties that form the entrance.[10] As part of the 2017 condition assessment inspection, Mercator provided a series of observation highlights and recommendations. Following the 2017 condition assessment inspection, BHI undertook a number of repairs to the facility, and then commissioned further assessments to confirm the adequacy of the repairs. The first follow-up assessment was done in June 2018, led by the engineering firm Ausenco. Subsequently, a third condition assessment was commissioned by the BHITA in March 2019, which was led by the engineering firm Moffatt & Nichol.

Mercator relied upon the engineering reports prepared by Ausenco and by Moffat & Nichol for the expected future costs for maintenance and repair of landside facilities to be acquired and operated by the Authority.

Mercator's 2017 Condition Assessment Report for Deep Point Marina

Based on our 2017 condition assessment inspection, Mercator concluded that the *main passenger terminal and office building*, *sidewalks and flatwork*, and the *concrete bulkhead* were well maintained as part of routine maintenance, in good condition, with no significant issues noted. Although generally not used for regular operations, the Siemens airport-style baggage conveyor system is maintained and periodically operated to confirm functionality.

[10] That inspection considered about 2050 ft of bulkhead; the bulkhead surrounding the small boat marina was not inspected and was not within the scope of 2017 report.

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The *concrete bulkhead pile caps* were showing signs of movement at a number of expansion joints, most significantly near the freight barge docking berth. The inspection team identified two main reasons: (i) the pressure exerted by the freight barge during docking and (ii) an incident in which a construction crane barge hit the wall in 2014. Furthermore, the 2017 inspection team identified 15 concrete bulkhead panels out of 341 showing signs of cracking, spalling, and deterioration. The concrete pile cap expansion joints showed signs of movement with some separation between the concrete piles in the Northern Jetty. Excessive marine growth was visible on the concrete piles at Deep Point Marine Terminal.

2017 Recommendations addressed

- Maintenance should continue to monitor expansion joint movement and, if required, make necessary repairs to prevent further deterioration or wash out of the land area behind the bulkhead.
- Repair of the damaged concrete bulkhead and pile cap at the freight barge jetty was recommended to BHIL after inspections were made in July 2017. BHIL made repairs to address these issues with the jetty bulkhead.
- Concrete bulkhead panels and bulkhead concrete cap expansion joints should be monitored to determine the rate of deterioration and expansion. Make necessary repairs to prevent further deterioration or potential failure of the structure along its length.

The 2017 recommendations became the basis for repair work undertaken by BHI Limited in 2018.

Ausenco 2018 Condition Assessment Report for Deep Point Marina

Ausenco's 2018 Condition Assessment consisted of an above and below water inspection of the piles and underside of the superstructure to identify any defects. This included a detailed assessment of the BHI's Deep Point Passenger Dock, Contractor Dock, Layby Pier, and Layby Dock. Ausenco's *2018 Condition Assessment Report* stated that the Deep Point Marina marine structures were found to be in a serviceable condition. The report recommended several repairs with an estimated total cost of about $110,000:

- ***Passenger Dock.*** The recommended repairs for the passenger dock included implementing pile wrap repairs on concrete Pile No. 10B east. The useful life estimate for the concrete piles was 10 to 15 years and 10 years for the dolphins, which could be extended further with ongoing repairs.
- ***Contractor Dock.*** The recommended repairs for the contractor dock include replacing four safety chains for the pedestrian gangway , replacing three piles, and implementing open bolt hole patch / dowel repairs, among the main ones. The assessment reported an estimated useful life estimate of eight to ten years, which could be extended further with ongoing repairs.
- ***Vessel Layby Pier.*** The recommended repairs include implementing open bolt hole patch / dowel repairs for the piles. The assessment reported an estimated useful life estimate of eight to ten years, which could be extended further with ongoing repairs.
- ***Vessel Layby Dock.*** The recommended repairs include replacing one pile. The assessment reported an estimated useful life estimate of eight to ten years, which could be extended further with ongoing repairs.

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Mercator understands from Management that the 2018 Ausenco repair recommendations for Deep Point facilities were completed in 2018.

Moffatt & Nichol 2019 Condition Assessment Report for Deep Point Marina

The Moffatt & Nichol inspection team conducted an above and below water assessment of each structure using diving equipment. The report presented the findings of the inspection for each structure, including overall condition, repair priorities, and recommendations. The short-term priority (low-medium-high) is based on severity and urgency of the repairs needed. The long-term recommendations are based on the overall lifecycle of each structure.

A total of 11 structures were inspected at the Deep Point Marina and BHI including sections of the bulkhead wall at Deep Point Marina. The scope of work included above and below water inspection of support piles, below deck substructure framing and deck undersides, and freight barge ramp concrete substructure and steel structural elements. No critical structural issues necessitating a high repair priority were found in any of the 11 facilities inspected. The following three waterfront ferry terminal facilities at Deep Point Marina were determined to have a medium repair priority:

- ***B-Gate Contractor Landing.*** The structure was found to be in satisfactory overall condition with minor decay in the timber piles and framing—typical for timber structures of this age. There are split and broken timber joists in two locations and steel tie straps between the under-deck joists and the timber stringers below are severely corroded throughout the structure and should be replaced. Repairs were estimated at $11,000 according to the Moffatt & Nichol as shown in the table below.

- ***Concrete Bulkhead Wall.*** The bulkhead is in overall good condition with isolated spalls and cracks. The bulkhead, including an area that had been previously repaired was inspected above and below water and found to be in satisfactory condition (with the exception of the section adjacent to the freight barge ramp). The sheets were found to be intact with no voids or signs of recent movement.

- ***Freight Barge Ramp.*** Above and below water inspection found the structure to be in satisfactory condition with a crack in the concrete substructure wall corresponding to the adjacent bulkhead repair area as well as minor to moderate corrosion affecting the ramp steel framing, cylinder bases, and other weldments.[11]

The remaining waterfront ferry terminal facilities assessed were in good to satisfactory condition with minimal recommended repair costs.

As part of the recommended routine inspections and maintenance for all of the structural components of the waterfront facilities, routine inspections should be conducted once every five years. The estimated cost to complete each routine inspection is $65,000, equivalent to $130,000 total over a ten-year program. The total estimated cost of recommended replacements and repairs over the next ten years, based on the observations made during this investigation, is $1,353,000, of which $313,000 relates to the eight facilities located at the Deep Point Marina (see Table 4) and the balance to the three facilities in BHI

[11]The scope of the Moffatt &Nichol assessment included only the structural components of the ramp and not any hydraulic systems required for operation. Total cost is estimated at $150,000 for the ramp considers demolition / removal, a steel ramp, mob/contingency, and concrete spall repairs.

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(described in the next section). Additional structural component maintenance repairs discovered during these inspections can typically be expected on the order of $100,000 - $150,000 over the next 10 years.

Table 4: Summary of infrastructure condition assessment and required repair work at Deep Point Marina as determined by Moffatt & Nichol in 2019

Facility	ASCE Condition Rating	Due Diligence Rating	Repair Priority Ranking	Recommended Repair Cost Estimate
A-Gate Passenger Landing	Good	Good	Low	$0
B-Gate Contractor Landing	Satisfactory	Good	Medium	$11,000
Maintenance Fixed Pier	Good	Good	Low	$1,000
Maintenance Finger Dock	Satisfactory	Good	Low	$10,000
"G" Berthing Platform	Good	Good	Low	$0
"H" Berthing Platform	Good	Good	Low	$0
Bulkhead Wall	Satisfactory	Good	Medium	$137,000
DPM Freight Barge Ramp	Satisfactory	Good	Medium	$154,000
Subtotal Deep Point Marina				**$313,000**

Source: Moffat & Nichol 2019.

2.1.7 Evaluation of shore side ferry assets at Bald Head Island

Within the Bald Head Island Marina basin is the island terminal for passenger and contractor ferry service. Initially constructed in 1982 and expanded thereafter, the BHI facility has a total land area of approximately 2.25 acres, which supports the passenger terminal, the passenger drop-off and pick-up area, a parking lot for equipment, the freight barge landing, and access roadways serving the ferry and freight barge landing areas, as illustrated in Figure 7. In addition to all the area that is developed and used for ferry and tram operations, the area to be acquired by the Authority includes additional land between the ferry terminal and the river, as shown on this drawing.

General condition assessment

The BHI Passenger and Contractor Ferry Docks are constructed of timber, consisting of handrails, guardrails, decking, stringers, pile caps, piles and pile bracing. There is a covered open-air waiting structure at each of the docks and two aluminum gangways per dock (four in total) provide access from the vessels to the docks.

The passenger terminal is built partially on land and over water. The landside structure supports the passenger drop-off, pick-up, and the security check-in areas. The waterside structure, built on timber piles with wooden plank decking and wooden superstructure, supports both the passenger waiting area and the passenger and cargo loading and discharge ramps.

An aluminum bulkhead was installed during a three-year program ending in July 2005 as replacement for the original bulkhead, which was initially built in 1982 and expanded as the marina expanded to its present size. The bulkhead is approximately 2,000 ft in length and has a height above mean low water (MLW) of +/- 7.88 ft. The new aluminum sheets were driven down to an elevation of -13.12 ft below MLW, to suit a water depth of approximately -8.00 ft at MLW. The new bulkhead is tied back through the original wall with threaded tie back rods to Manta Ray anchors.

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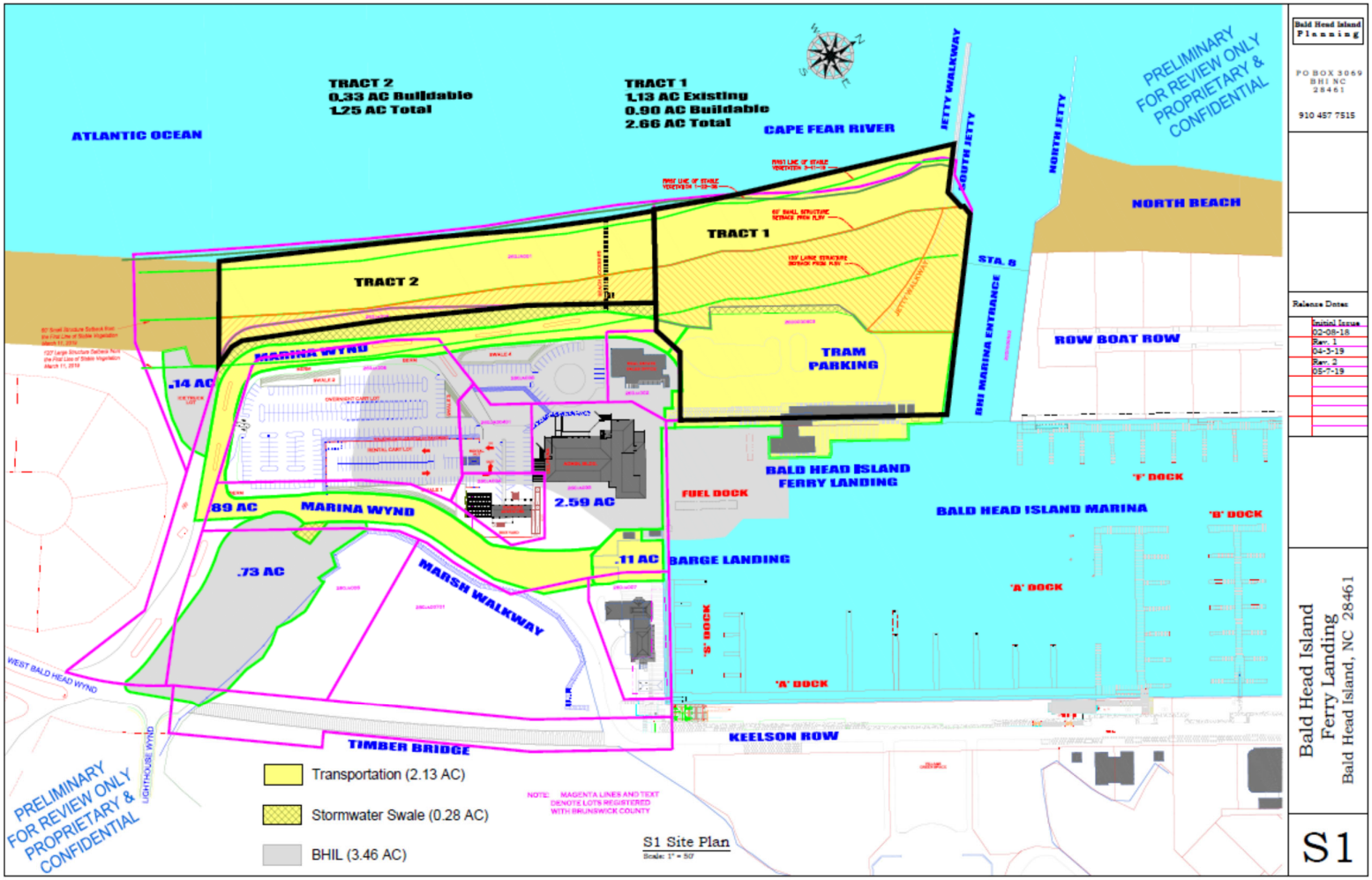
Mercator's 2017 Condition Assessment Report for Bald Head Island

The on-island parking lot area is used primarily to park the BHI Transportation tram trucks, which are used to transport passengers and their baggage between the ferry landing and points throughout the Island. The pavement was observed to be in good condition. No significant signs of damage or deterioration were observed or reported in 2017. Observation highlights from the 2017 condition assessment relating to specific areas are as follows:

- ***Land area and facility superstructure***. Good to very good. The property area and superstructure looked well maintained as part of routine maintenance program.
- ***Wood timber piles and substructure***. When first inspected in mid-2017, condition was Poor to Fair, with signs of heavy marine growth and infestation. A total of 15 out of 59 piles were no longer providing structural support to the deck. The piles in unsatisfactory condition were replaced by BHIL as of end December, 2017.
- ***Aluminum sheet pile bulkhead***. Heavy marine growth was noted in 2017. In 2003, a portion of the bulkhead to the south in the area of yacht club marina started to collapse causing the embankment behind it to slip into the water. To repair and also secure the remaining portion of the bulkhead, BHI installed a new aluminum sheet pile bulkhead in 2005, outboard of the original bulkhead. This bulkhead provides good corrosion resistance and has an expected useful life of approximately 30 years.

Figure 7: Bald Head Island Terminal—proposed subdivision of ferry landing and freight barge landing areas



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2017 Recommendations Addressed and Completed

- A recommendation to encapsulate or replace damaged timber piles was provided to BHIL at the time of the July 2017 inspection. Subsequent to that inspection, BHIL completed the recommended replacement and repair work.
- Aluminum sheet pile bulkhead was cleaned of growth and sections at the waterline cleaned to prevent deterioration and pitting.

Ausenco 2018 Condition Assessment Report for Bald Head Island

On completion of Ausenco's 2018 Condition Assessment, BHI marine structures were found to be in a serviceable condition. This report recommended a couple of additional repairs with a total cost of $73,000 as outlined below:

- ***Contractor Dock.*** The recommended repairs for the contractor dock include replacing one pile, implementing an open bolt hole patch / dowel repairs, and replacing one brace. The useful life estimate for the concrete pile and the bracing was of four to eight years, extendable with normal maintenance and repair.
- ***Passenger Dock.*** The recommended repairs for the passenger dock include replacing one pile, reinstating upper bolted connections along Row B, implementing open bolt hole patch / dowel repairs, and replacing two braces. The useful life estimate for the concrete pile, the bracing, and the dolphins was four to eight years, extendable with normal maintenance and repair.

Mercator understands that the 2018 Ausenco repair recommendations were completed in 2018.

Moffatt & Nichol 2019 Condition Assessment Report for Bald Head Island

The estimated cost of recommended replacements and repairs over the next ten years, based on the observations made during the 2019 investigation for BHI was $1,040,000, as described in Table 5. Two waterfront ferry terminal facilities at BHI were determined to have a medium repair priority, as noted below:

- ***Freight Barge Ramp.*** The steel barge ramps at BHI are in satisfactory condition, however, they may require refurbishment or replacement within the 10-year planning horizon due to corrosion. BHIL has periodically done such work on the barge ramps, most recently in 2016. Capital for replacement on a 10-year schedule has been included in the plan.[12]
- ***Passenger Landing.*** The BHI Passenger Landing was found to be in fair overall condition and replacement within the 10-year planning horizon was recommended. Noting that repair work was recently done to in 2018 to address all of the structural issues observed at that time, and that Moffatt and Nichol did not assign a high priority to this work, we assume the replacement will be undertaken at the end of the 10 year period suggested, starting in 2027. The Moffatt and Nicholl budget, which Mercator has adopted, was based on full removal and replacement, although a lower cost repair approach as taken by Ausenco may turn out to be possible.[13]

[12]Total cost of $130,000 for the ramp considers demolition / removal, a steel ramp, and mob/contingency.

[13] Total cost of $900,000 for the passenger landing considers demolition / removal, covered timber dock, and mob/contingency.

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Table 5: Summary of infrastructure condition assessment and required repair work at BHI as determined by Moffatt & Nichol in 2019

Facility	ASCE Condition Rating	Due Diligence Rating	Repair Priority Ranking	Recommended Repair Cost Estimate
BHI Freight Barge Ramp	Satisfactory	Good	Medium	$130,000
BHI Contractor Landing	Good	Good	Low	$10,000
BHI Passenger Landing	Fair	Good	Medium	$900,000
Subtotal Bald Head Island				**$1,040,000**

Source: Moffat & Nichol 2019.

2.1.8 Dredging Requirements

The Bald Head Island ferry and barge operations share the use of mainland and island marina facilities and, therefore, share in the cost of dredging at each location. By agreement, BHI Transportation is responsible for 33% of the cost of dredging the Deep Point Marina and channel, and 23% of the cost of dredging within the Bald Head Island marina, with no responsibility for the Bald Head Island Channel.[14]

Dredging requirements at Deep Point fall into two categories – the removal of about 3000 cubic yards (CY) of sand on a roughly 1-3 year cycle (with a cost of about $50,000 each time), and more substantial dredging and sand relocation work that is undertaken every 8-10 years, at a cost that could be as much as $600,000 per occurrence. This cost includes both the dredging and an allowance for moving sand from the spoils basin to adjacent land, as was just done in 2020. The Authority is responsible for 33% of the Deep Point dredging, and so to reflect this we have included in our analysis model a) operating expense of $15k per year (which is conservative given that the work is not actually done every year) and b) a large capital expenditure every 9 years, with the next outlay ($246k) coming in FY 2027.

Marina dredging at BHI was last undertaken in 2015, when about 9,000 CY was removed from the marina and placed in the re-established spoils island, at a total cost of $302,850. It is expected the marina will next need to be dredged in the 2025-2027 timeframe. We have assumed conservatively that the Authority will incur a BHI marina capital dredging expenditure in FY 2025, and every nine years thereafter, equal to 23% of the inflated 2015 cost. The cost of re-establishing the spoils island is included in these historic and forecast capex amounts.

2.2 On-Island Tram and passenger service

2.2.1 Description of passenger and baggage tram service

BHI is almost entirely automobile-free. Residents and guests rely upon plug-in electric “golf cart” style vehicles which are kept at each residence or which can be rented once on the Island. BHIT provides a tram service to carry property owners and guests between the ferry landing and their on-island

[14] Responsibility for dredging the Bald Head Island entrance channel is shared by the State of NC and the Village of Bald Head Island.

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destination, and a shuttle is provided for employees and contractors to / and from the contractor / employee center.

Tram service is included with all standard resident and guest tickets, although on average no more than about 55 percent of property owner and guest passengers use the tram service, which reduces the tram service capacity that is required. Trams operate on a one-hour cycle, which allows time to pick up incoming passengers at the ferry landing, deliver them to their respective destinations, and pick up outgoing passengers and deliver them to the ferry landing. The number of tram and trailer units operated at any point in time is adjusted based on demand.

2.2.2 Tram and passenger trailer operations overview

BHI Transportation provides transportation services to ferry passengers to homes throughout the Island on a pre-reserved basis, which enables efficient planning and routing of the trams. Upon arrival, passengers check in with the transportation coordinator to receive their tram truck number. Passengers then proceed to their respective tram truck with their bags. Bags are loaded in the back of the tram truck, as illustrated in Figure 8, while passengers get aboard the passenger trailer directly behind the tram truck. Each passenger trailer holds 12 passengers. Tram truck / trailer units make one round trip in under an hour dropping and picking up passengers along the way. Departing passengers are picked up on the round trip and taken to the ferry drop off zone, where baggage is delivered and tagged. Passengers then proceed to the passenger waiting area where they wait for the next ferry to depart. Passengers present their tickets at the ticket scanning area at which time they are allowed to embark the ferry. Passenger baggage is loaded into baggage dollies, and then loaded on the aft deck of the ferry for transportation to the mainland.

Figure 8: BHI tram truck and passenger trailer

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2.2.4 Evaluation of tram truck and passenger trailer assets

The passenger trailer and tram truck fleet and related equipment is composed of the following asset types: (i) tram trucks, (ii) passenger trailers, and (iii) luggage dollies, which are listed in Table 6 along with selected key facts. Mercator specialists and subcontractors conducted visual inspections on samples of each of the asset types and asked related questions to management and the actual equipment operators in the field. These inspections and interviews were conducted during Mercator's field trip in June 2017. Mercator also reviewed additional documentation provided by management including M&R records and expenses.

Table 6: Baggage Dolly, Tram Truck and Passenger Trailer asset list and condition assessment

Asset	Quantity	Condition assessment
▪ Tram trucks	24	Good
▪ Passenger trailers	20	Fair to good
▪ Baggage dollies	82	Good

General condition assessment

The BHI tram fleet consists of 24 tram trucks and 20 passenger trailers. In addition, the ferry operation is supported by a fleet of 82 baggage dollies that are rolled on and off the ferries with passenger luggage.

- ***Tram trucks***. Good.
- ***Passenger trailers***. Fair to good. The passenger trailer fleet is showing signs of wear and tear. Passenger seat cushions are showing normal signs of wear which is addressed through routine M&R programs.
- ***Baggage dollies***. Good.

Observation highlights

- ***Tram trucks***. No significant issues noted or reported. Some damage to fenders and rust were noted, but this does not impact the safety or reliability of the equipment.
- ***Passenger trailers***. No significant issues noted or reported. Some damage to fenders and rust were noted, but this does not impact the safety or reliability of the equipment.

  Baggage dollies. None.

Conclusions

- No physical deficiencies / deferred maintenance or immediate / short-term needs were noted.

2.2.3 Tram truck and passenger trailer capacity and peak demand profiles

For the capacity analysis, two scenarios were analyzed. The first scenario assumes tram truck and passenger trailer services to support peak day operations with two ferries. The second scenario assumes tram services support peak day operations with three ferries.

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Tram truck capacity analysis to support peak day operations with two ferries

BHI Transportation currently has a fleet of 24 tram truck units. Because of maintenance and repair requirements and normal operational breakdowns, tram truck availability for operations is normally about 85 percent of the fleet, or 20 units. Historically, about 55 percent of all property owners and guests arriving to the Island require tram transportation.

- The following assumptions were developed for the capacity analysis, which were then summarized in

Table 7:

- Both vessels are assumed to sail at maximum capacity: 300 passengers would be arriving at the Island every hour (2 x 150).
- All 300 passengers are assumed to be entitled to a tram ride included with their full fare ferry ticket: 55 percent of these passengers choose to use the tram transportation, equivalent to 165 passengers.
- Tram passenger utilization is typically 90 percent, equivalent to 11 passengers/tram: a total of 15 tram truck and trailer units would thus be required for the 165 passengers.
- Based on an availability of 85 percent for tram trucks, the total fleet size required would be 18 units. BHI Transportation has 24 tram truck units, so there is now enough equipment to meet the requirements of peak day two-ferry operations.[15]

Table 7: Analysis of tram truck capacity required to support peak day two-ferry operations

Capacity analysis assumption or fact	Value and units
▪ Peak hourly ferry traffic (2 sailings x 150 each)	300 pax
▪ Percent of riders that are entitled to a tram ride	100 percent
▪ Percent of riders using tram	55 percent
▪ Required tram capacity per hour	165 pax
▪ Maximum passengers per tram	12 pax
▪ Average percent utilization of tram	90 percent
▪ Average passengers per tram trip	11 pax
▪ Round trip time per tram (in hrs)	1.0 hrs
▪ Average passengers per hour per tram	11 pax/hrs
▪ Required tram truck and trailer units operating	15 trams
▪ Tram truck availability at peak demand	85 percent
▪ Required tram truck fleet	18 tram trucks 15 tram trailers

[15] The focus is on the powered tram truck units because they require maintenance and may be out of service. The non-powered passenger trailers are simple and rarely out of service, and so extra units are not required.

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Tram truck capacity analysis to support peak day operations with three ferries

For peak day three-ferry operation under the same analysis criteria, a total of 24 tram truck and trailer units would be operated. Assuming 85 percent availability of the fleet, BHI Transportation would need to maintain a fleet of 28 tram trucks to meet a peak day three-ferry operation, as shown in Table 8.

Table 8: Analysis of tram truck capacity required to support peak day three-ferry operations

Capacity analysis assumption or fact	Value and units
▪ Peak hourly ferry traffic (3 x 150)	450 pax
▪ Percent of riders assumed entitled to a tram ride	100 percent
▪ Percent of riders using tram	55 percent
▪ Required tram capacity per hour	250 pax
▪ Maximum passengers per tram	12 pax
▪ Average percent utilization of tram	90 percent
▪ Average passengers per tram trip	11 pax
▪ Round trip time per tram (in hrs)	1.0 hrs
▪ Average passengers per hour per tram	11 pax/hrs
▪ Required tram truck and trailer units operating	23 trams
▪ Tram truck availability at peak demand	85 percent
▪ Required tram truck fleet	28 tram trucks 24 passenger trailers

Conclusions on tram system capacity and required equipment

- Tram capacity will not be a limiting factor when evaluating system-wide capacity, provided sufficient equipment is available.
- BHI Transportation would need to increase the fleet to 28 tram trucks and 24 passenger trailer units to have the required units available to meet peak day three-ferry operations. This will require the purchase of four additional tram trucks and four additional passenger trailers.
- To support a 50 percent increase in system capacity with regular operation of three ferries, BHITA will also require an additional 35-40 baggage dollies, at about **$2,500 each.**

2.2.5 M&R quality and historic and future M&R costs

BHI Transportation has a good M&R process in place. Pre-operational equipment inspections are performed. Safety and mechanical issues are recorded and passed on to the maintenance provider. Equipment is repaired in a timely manner through an agreement with a 3rd party vendor located on the Island. Maintenance quality is good. Safety issues are addressed immediately with longer term maintenance issues scheduled based on availability. There is no need for changes to the tram truck system maintenance program that would increase costs beyond the historical trend.

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2.2.6 Useful life and replacement costs

Tram trucks have an expected useful life of seven to ten years. The most recently purchased units had a cost of $26,000 in 2020. We included costs for continued replacement in the eighth year of service.

Passenger trailers have an expected useful life of about 25 years. We assume that fleet replacement will start in 2025, and be completed over a six year period.

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3. Parking and tug and freight barge operations

This section presents Mercator's analysis of the Deep Point parking operation, the tug and freight barge operation, and the real property and terminals infrastructure assets. The parking operations and parking capacity, including an evaluation of the assets that comprise the parking operations, are addressed first. Next, a similar analysis and evaluation is presented for the tug and freight barge operation, followed by an analysis and evaluation of the freight handling facility. Each asset evaluation provides a general condition assessment, observation highlights, as well as conclusions or recommendations where applicable.

3.1 Parking operations

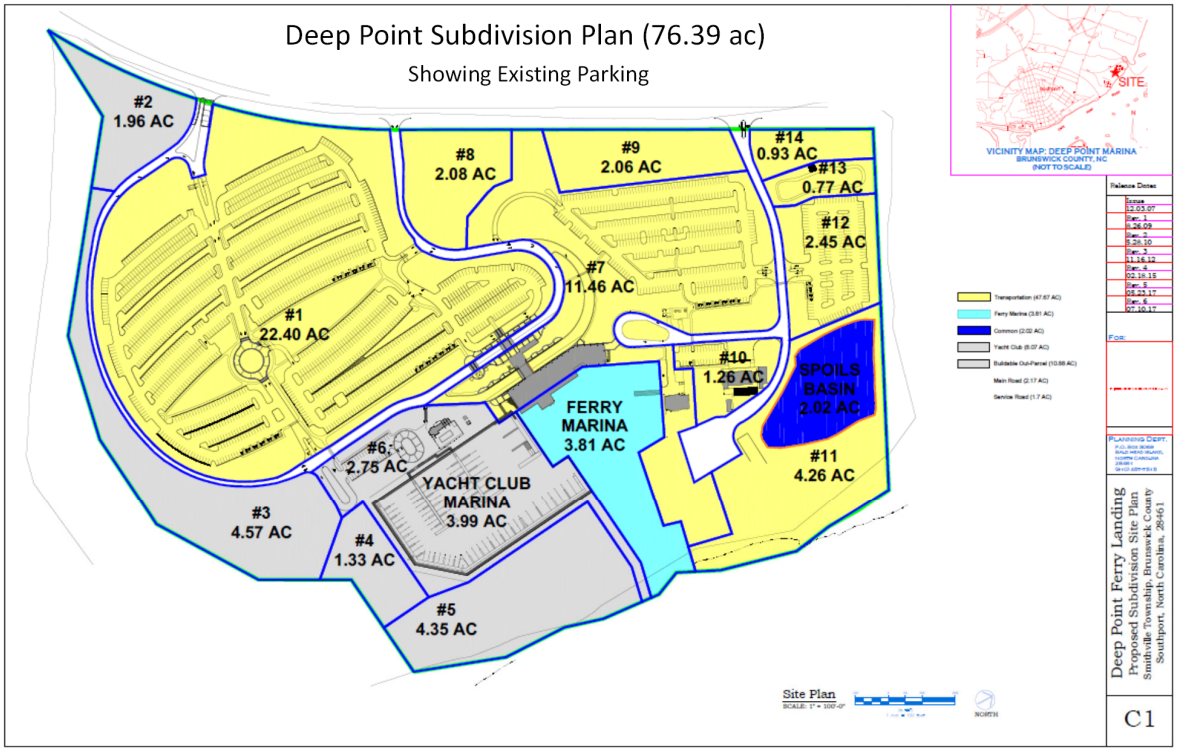
3.1.1 Description of parking business and services

Nearly all ferry passengers travel to and from the Deep Point Terminal (at Southport, on the North Carolina Mainland) by personal vehicle and park their vehicles in the BHI Limited parking facility. Therefore, the parking operation is tied to the ferry operation, with demand for parking very closely related to overall ferry traffic.

3.1.2 Parking operations and assessment of capacity

Approximately 36.3 acres of developed parking lots serve the customers of the ferry as of 2020. The layout of the parking lots is shown in the plan in Figure 9.

Figure 9: Deep Point Ferry landing terminal layout with developed parking lots



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Parking is segregated into several lots for different groups of users and with different rate structures as summarized in Table 9.

Table 9: Existing parking facilities at Deep Point Marina (number of paved / striped stalls)

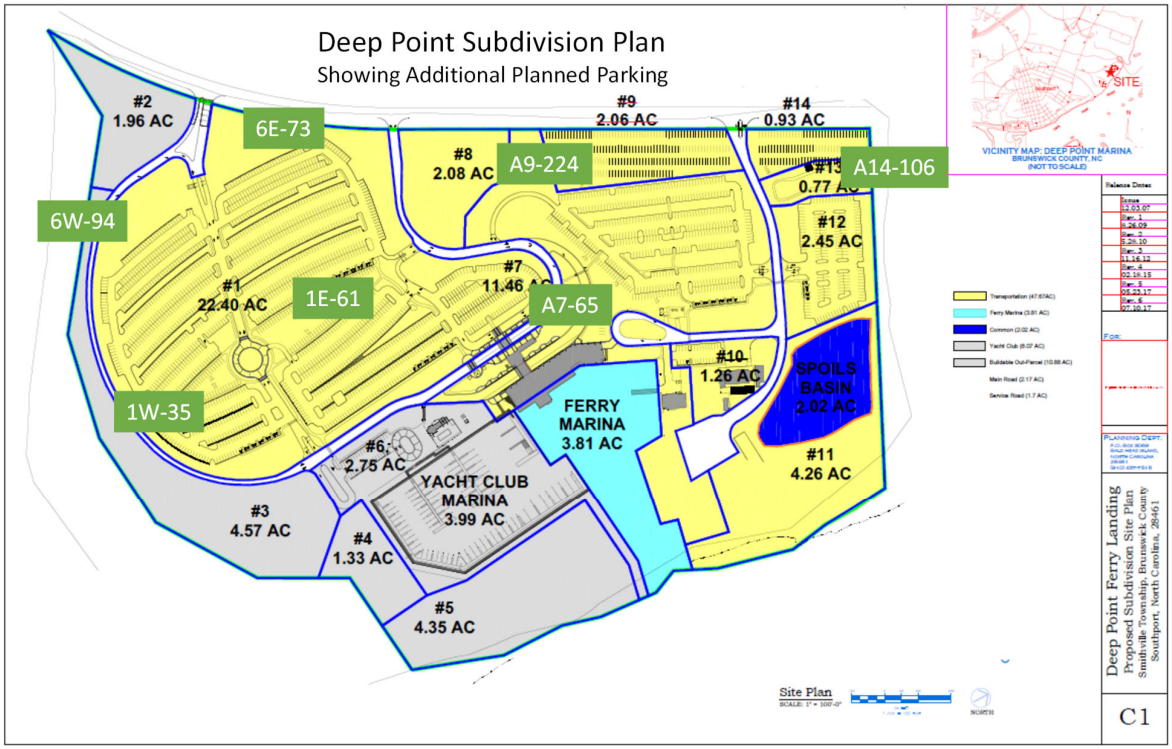
General Lot	1,021
Premium Lot	396
Contractor Lot	366
Employee Lot	172
Total Stalls	**1,955**

Utilization rates are generally less than 50 percent throughout most of the year, but are significantly higher during the peak summer season, when utilization is at or above 100 percent.

The system's peak historical ridership was achieved in 2019, which resulted in parking lot utilization of about 61 percent across the year, and approximately 96 percent during the Jun-Jul-Aug peak period (104 percent during July). During certain peak periods, some cars are parked in un-striped or un-paved spaces, which allows reported utilization to exceed 100 percent.

If we assume the current system has latent capacity of just 5 percent, then parking lot capacity will have to be expanded in order to handle the annual ridership increases that are expected. Areas where additional parking is designed and approved are shown in Figure 10.

Figure 10: Deep Point Terminal expansion areas and number of stalls (area - # new stalls)



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Assuming that the maximum effective annual capacity is just 5 percent more than the parking vehicle-days already achieved in 2019, the current parking lot capacity is about 460,000 vehicle days per year.[16] Considering the phased completion of the currently defined parking lot expansions that are illustrated in Figure 10, we can calculate the future parking capacity at the Deep Point Terminal after each succession parking lot expansion. Finally, assuming no significant change in the ratio of parking days to ferry traffic, then we can establish an effective capacity limit for the overall system, as outlined below in Table 10.

Table 10: Additional parking developments and supportable ferry capacity - with no additional land areas

	Additional Stalls Added	Total Number of Stalls	Max Vehicle-Days	Max Ferry Passengers Supported
2019 Actual		1,955	437,772	357,000
Max Current Capacity	5%	1,955	460,000	375,000
Area "6W" and "6E"	167	2,122	499,000	407,000
Area #1W	35	2,157	507,000	414,000
Area #1E	71	2,228	524,000	428,000
Area #7	65	2,293	539,000	440,000
Area #9	224	2,517	592,000	483,000
Area #14	108	2,625	617,000	503,000
Total	670			

If all land areas that are to be included in the transaction are developed, the number of parking stalls would be increased from the current total of 1,955 to a new figure of 2,625, an increase of 34 percent from current paved parking stall count. Assuming a similar seasonal demand pattern as in 2019, and a 2019 latent capacity of 5 percent, the annual vehicle-day capacity, when fully developed would reach 617,000. This level of parking capacity would support annual ferry traffic of about 500,000 passengers per year. At a cost of $2,000-2,500 per stall for developing paved / lighted parking areas[17], the addition of 670 stalls would cost $1.425 million. According to BHIL, yhe anticipated parking additions have been designed so as to stay within the permitted capacity of the existing stormwater systems.

To move beyond a traffic level of 500,000 passengers per year, BHITA would likely need some additional land for further parking lot development, or a change in passenger's inland traveling modes that reduced the number of cars parked at the Deep Point Terminal, or make a change to how the parking lots are operated. There is additional land totaling about 6.5 acres along the southern boundary of the site that could possibly be developed, labeled as areas #2 and #3 in Figure 9. This land would need to be acquired by the Authority when and if needed. The Authority will acquire as part of the transaction a 30-year option to purchase Area 2 at specified prices. It is estimated that if acquired and developed, this land could add another 400+ stalls, increasing stall count from about 2,625 to more than 3,000, as illustrated in Table 11.

[16] Annual vehicle-day capacity depends on the distribution of activity across the year – the more evenly spread, the greater the utilization in off-peak periods and the greater the number of annual vehicle days that can be accommodated.

[17] BHIL historic costs for developing parking spaces have been in the range of $1,500-$2,000 per stall. We assume $2,000/stall for projects of more than 100 stalls and $2,500/stall for smaller scale projects.

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Table 11: Potential additional areas for parking – land that could be acquired if needed

		Additional Stalls Added	Total Number of Stalls	Max Vehicle-Days	Max Ferry Passengers Supported
Fully Built BHITA Land			2,625	617,000	503,000
Area #2	2.2	125	2,750	646,000	527,000
Area #3	4.4	300	3,050	716,000	584,000
Total		425			

With this additional land and parking development, there would be sufficient parking to support over 700,000 vehicle parking days per year, which provides parking capacity to support ferry passenger traffic up to about 570,000 passengers per year, which will allow parking to keep pace with the growth in ferry traffic for the 30 year analysis period.

To provide further capacity or as an alternative to acquiring additional land, changes could be made to the parking operation to increase peak parking density. For example, by offering a valet parking service, one or more lots could be converted from random-access self-parking to high-density block-stow parking, similar to the operations seen at large valet-served lots at airports. With a valet-parking arrangement, the capacity of selected lots could be approximately doubled. The extra cost of valet parking, which would only be required during the peak periods, could likely be recovered by charging higher prices for this premium, high convenience service. The business plan for such an operational model has not been defined, however, and would not need to be implemented for many years, and so it is not considered in this feasibility analysis.

3.1.3 Evaluation of parking assets

Topography assessment

The property is generally flat, with a gentle slope to the east, up from the level of the Cape Fear River. No unusual or problematic features were noted or reported when Mercator visited the site in 2017.

- ***Property drainage***. The runoff from the parking lots flows to catch basins, raceways, and drainage culverts which discharge to two detention ponds on the facility.
- ***Surface water bodies***. There are several areas on the site that have been designated as coastal wetlands. In addition, there are several stormwater basins that will also limit the extent of future development. These limitations have been accounted for in BHIL's estimates of developable parking spots within each area of the property.
- ***Flood plain designation***. The subject property is situated within Zone X which is defined as areas determined to be outside of the 0.2 percent annual chance floodplain.
- ***Seismic zone***. The property is located in Zone 1. Properties located in Seismic Zones 3 or 4 are considered potentially vulnerable to significant impacts from earthquake activity. The subject property is not located in one of these zones. The facility was built to a seismic design category D, which corresponds to buildings and structures in areas expected to experience severe and destructive ground shaking but not located close to a major fault.

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- ***General condition***. Very Good. The topography and drainage at the property are maintained as part of routine maintenance.

Parking areas assessment

The parking areas are designed using asphalt laid over a stabilized base.

- ***Curbs / swales / other.*** Poured concrete curbs are present on the approach to the main building and passenger drop off area, along the sidewalks and around the landscape medians.
- ***Ingress / egress.*** Primary ingress and egress for the subject property is provided via one main entrance roadway, off Ferry Road. Access to the parking areas and to the main passenger facility to the east is provided within the property boundaries. There is also a separate access from Ferry Road that serves the employee parking lot and the freight barge ramp / marine maintenance area.
- ***Lighting.*** BHIL recently completed the replacement of conventional parking lot lights with LED lights, and achieved an immediate reduction in electricity costs for lighting.
- ***General Condition.*** Good. Limited pavement repairs, sealing, and striping appear to have been conducted recently. No significant pavement issues were noted or reported.

Concrete and flatwork assessment

- ***Sidewalks***. The sidewalks, located along the marina front and in front of the ferry terminal building, and over to the maintenance shop, consist of standard poured concrete slabs. One heavy duty concrete loading area is present in front of the maintenance shop and another immediately behind the freight barge loading ramp.
- ***Other.*** Concrete pads support the electrical transformers and switchboxes. Concrete raceways are present at pavement edges, which help to facilitate drainage to the detention / retention ponds. Concrete is also present at water meters / drainage lines located throughout the property.
- ***General condition***. Good. Minor to moderate cracking was observed in flatwork throughout the property.

Conclusions

- No physical deficiencies / deferred maintenance or immediate / short-term needs were noted. The areas of minor erosion and movement of the curb and sidewalk can be addressed as part of routine maintenance.
- Asphalt parking areas were installed in 2009 and have an EUL of 25 years. With proper maintenance, the parking lots could exceed the 25-year period up to an additional 10 years with routine maintenance.
- Concrete flatwork, installed in 2009 and 2010, has a EUL of 25 years. It would be reasonable to anticipate extending the useful life of concrete flatwork an additional 10 years, assuming proper maintenance continues to be performed as required.

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3.2 Tug and freight barge operation

3.2.1 Description of freight barge business and the services provided

BHI Limited operates a tug and freight barge service five days per week, year-round, on a regular schedule between the Deep Point Terminal and the BHI Marina. The roll-on/roll-off (RoRo) freight barge carries vehicles of all kinds and sizes, up to and including large highway trucks and construction vehicles. With the exception of passenger baggage moving on the ferries, the freight barge service provides the only means to transport supplies and equipment to and from the Island. Nearly all cargo is transported in a customer's vehicle, although loose "deck cargo" is occasionally accommodated.

3.2.2 Overview of operations and assessment of capacity

The freight barge service utilizes a single tug of 850 (2 x 425) horsepower[18] and a single 100 ft x 32 ft barge. Round trip voyages require about two hours. Demand is presently met by up to 20 sailings per week (four sailings per day, five days per week). While operations are conducted only during daylight hours, there is ample daylight during the peak season to expand the schedule to include up to six sailings per day.

In 2019, BHI Limited operated 1,021 freight barge round-trip voyages (a 24.1 percent increase from 2016), and sold 28,744 "freight barge tickets." One freight barge ticket is required for each six-lane-ft of cargo, meaning that the freight barge transported about 172,464 lane-ft of RoRo cargo. Each voyage can accommodate about 270 lane-ft of cargo (45 tickets), giving a calculated average utilization for 2019 of about 57 percent (7 percentage points more than in 2016). Effective July 22, 2019, freight barge ticket rates were increased for the first time since 2006, increasing by $5.00 from $50.00 to $55.00. The exceptionally high volume of 2019 freight barge traffic is attributed to the substantial amount of repair and rebuilding required after Hurricane Florence hit in September 2018.

There is significant capacity available to satisfy growth in freight traffic, which could be accomplished in at least three ways:

- Increasing tug and freight barge weekday sailing frequency would be the simplest approach. Sailings could be increased from the current level of 20 per week (four per day x five days) to 30 per week (six per day x five days), at least during the peak summer months when daylight hours allow up to two additional voyages each day, an increase of 50 percent.[19] A six sailing per day schedule was in place during 2006-2007 when construction activity was very high.
- Additional weekend sailings could also be added under special circumstances. Although the Village of Bald Head Island strongly prefers to avoid freight barge sailings and the associated traffic on the weekend, it seems logical that if critical freight demand required it, an accommodation could be reached.
- Capacity management / reservation protocols could allow utilization to be increased substantially beyond the historic 50 percent level to a year-round average of perhaps 60 to

[18] The tug *Captain Alex*, with twin 385 hp engines, was recently replaced by a new tug, the *Captain Cooper*, which entered service in Q3 2017. The *Captain Cooper* has about 10 percent more power (2x425 hp) and is slightly faster, but voyage round-trip time will be largely unchanged.

[19] While increasing the number of voyages may require a change to the scheduling of preventive maintenance activities, such a change should be feasible by, for example, doing maintenance on the overnight shift.

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70 percent. At a utilization level of 65 percent, the tug and freight barge operation would be carrying 30 percent more cargo traffic.

Additional voyages could raise capacity to a level about 35 percent greater than the 2019 level (the freight barge completed over 1,300 round trips in 2006 and 2007). Increased utilization could further increase capacity if required, supporting annual freight ticket sales of at least 40,000 per year. Fuel consumption per voyage declined about 10 percent with the new tug in 2018 and this level of consumption per voyage is carried forward. As voyages are added, fuel and labor costs will increase in proportion to the increased number of voyages. For the sake of the feasibility analysis we assume (conservatively) that capacity is added through additional voyages, so these cost impacts have been reflected in the cash flow model.

3.2.3 Evaluation of tug and freight barge assets

Captain Cooper pusher tug

The *Captain Cooper* was delivered (new) to BHI Limited during the late summer of 2017. This new purpose-built tug should fully meet the service requirements of the tug and freight barge operation. It has a minimum service life of 40 years. The characteristics of the *Captain Cooper* are illustrated in Table 12. Based on reported pricing for a similar tug[20] and the valuation survey of KOPCO, the market value and replacement value of the newly delivered Captain Cooper is estimated to be about $2.1 million.

Table 12: Characteristics of the *Captain Cooper* pusher tug

Vessel characteristic	*Captain Cooper*
Year Built	2017
Length overall (LOA)	50 ft
Beam	24 ft
Draft	5.5 ft
Horsepower	2 x 425 = 850
Service speed	8 knots
Fuel consumption	Abt 27.5 gallons/voy

Barge Brandon Randall

The *Brandon Randall* is a 100 ft x 32 ft steel deck barge, built in 1999 in accordance with 46 CFR Subchapter I (Cargo) vessel for Lakes, Bays, and Sounds. The Barge has a draft of 1.5 ft and can carry 200 Tons of cargo. The vessel is dry-docked twice every five years as per Subchapter I requirements. The *Brandon Randall* was found to be in seaworthy condition; however, it is showing normal wear and deterioration consistent with her age. Her next dry-docking due date is Oct 18, 2022. The 2019 M&R cost of the *Brandon Randall* was $10,000, an allowance that is carried forward in the model. Additionally, every two to three years the Barge is drydocked and painted, and required structural repairs are made. The last two barge dry-dockings averaged about $41,000 each, so an average cost of $20,500 per year is included in the Capex outlook.

[20] Great Lakes Tugs recently delivered a 45-ft, 940 hp tug at a cost **$2.5 million**. The 2017 acquisition cost of the *Captain Cooper*, with lower installed power, was on the order of **$1.7 million**.

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Conclusions

- The barge *Brandon Randall* is seaworthy and has 10 or more years of service life remaining.
- Because, in general, steel vessels are hard to maintain once corrosion becomes extensive, the maintenance routine has included periodic grit-blasting and epoxy coating of internal spaces, which in her present service are kept dry.
- Given her age and condition, it should be expected that the M&R and dry-docking budget for this vessel will have to be steadily increased.
- The current **market value** of the Barge is estimated to be **$100,000** and the **replacement** cost for a similar US-built barge is estimated to be **$225-250,000, with $250,000 included in the CapEx forecast.**

3.3 Freight handling facility

3.3.1 Description of business and service

The transportation system serving BHI includes a small freight handling operation where small parcels of cargo are combined, palletized and loaded aboard trucks for transport to the Island. The freight handling operation has historically been undertaken by a department of BHI Limited, but with all revenue and costs of the cross-docking kept separate from the tug and freight barge operation. It is assumed that in the future, after BHITA owns the Deep Point campus, the cross-docking activity will be managed by a third-party contractor or a cooperative that leases space for the activity. In this analysis, it is assumed the cross-dock facility will generate a market-based lease revenue for the BHITA.

3.2.2 Overview of operations and facility

The Deep Point Shipping & Receiving and cross-dock facility was opened to operations in the fall of 2009. The 5,880 square foot facility has doors on both the western (x4) and eastern (x3) sides of the facility. The facility includes two 140 square foot cold storage areas, one for chilled cargo and the other for frozen cargo. A backup power generator is provided. Cargo is handled directly from inbound trucks, moved across the dock, and immediately loaded onto waiting outbound BHI trucks headed for the Island. A photo of the freight handling facility is provided in Figure 11.

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Figure 11: The Freight handling facility at Deep Point

3.2.3 Evaluation of assets - Condition assessment

- ***Cargo bay doors***. No issues noted or reported. Bay doors were open and operational at the time of the assessment.
- ***Concrete cargo bay area.*** No significant defects in the concrete bay area were noted or reported. Cargo bay area is a 7-inch thick, 4,000 lb per square inch concrete slab.
- ***Drainage***. No drainage issues were identified or reported.
- ***Roof***. No roof leaks were observed or reported. The roof system is designed for wind speeds of up to 140 MPH.
- ***Parking area***. No damage or deterioration noted in the parking area.
- ***Discharge and loading bays***. No significant damage or deterioration to the truck discharge and loading ramp areas were observed or reported.
- ***Cold and frozen storage***. Units were in full operation at the time of observation. No issues were noted or reported.
- ***General condition***. Good. Warehouse is well maintained, kept clean, and is organized. Routine maintenance is performed and repairs made in a timely manner.

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Conclusions

- No physical deficiencies / deferred maintenance or immediate / short-term needs of the freight handling facility exterior, roof, or interior were noted.
- All electrical and mechanical systems were observed to be in good working condition.

3.2.5 Useful life and replacement costs

The cross-dock freight handling facility is a relatively new structure, with an expected useful life of over 40 years. There are no major issues or significant expenditures foreseen in the next 10 to 15 years with this structure.

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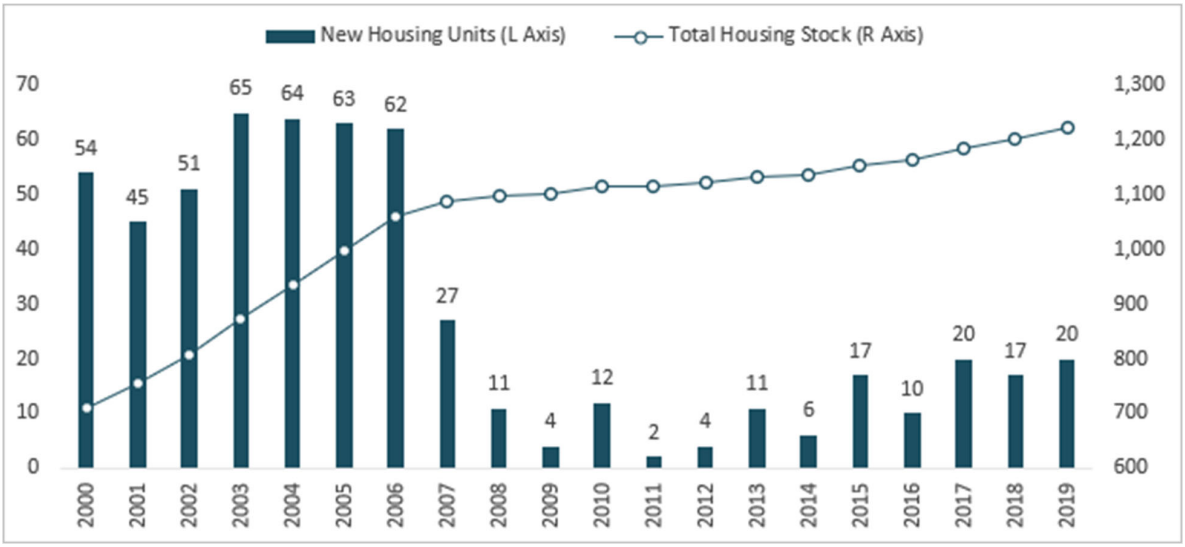
4. Demand analysis

4.1 Analysis of historical data

From 2000 to 2019, an average of approximately 150,000 people visited BHI per year, with around 60 percent of the visits taking place between May and September. Two thousand of the island's 12,000 acres are available for development, while the remaining 10,000 acres will remain undeveloped. BHI has approximately 1,300 private residential units and is home to approximately 250 year-round residents. The remainder are second residences / vacation homes.

As can be seen from Figure 12, which was derived by Mercator from property tax records, the number of residential units on the island grew quickly during the 2000 to 2006 period, but new home construction did not begin to rebound from the 2009 housing crash and global financial crisis until 2013. With building sites available for another 800 to 1,000 units, there is substantial room for additional housing growth at the recent rate of around 20 houses per year.

Figure 12: Residential units built per year and accumulated housing stock, 2000 to 2019



Ridership grew at a compound rate of 5.1 percent per year over the 2000 to 2006 period, and after contracting from 354,000 in 2007 to 263,000 in 2012, total ridership resumed growing at a rate of 4.5 percent on a compound annual basis over the 2012 to 2019 period (see Figure 13). The decline in total ridership from the 2007 peak to 2010 was driven by a massive decline in employee and contractor ticket sales that was precipitated by the collapse of new home construction. The continued decline in total ferry ridership from 2010 to 2012 was driven by a decline in resident and guest ticket sales, which appears to have been influenced by a 53 percent increase in resident and guest ticket price and a 40 percent increase in the less expensive employee and contractor ticket price in 2011. The jump in employee and contractor ridership in 2011 coincides with the dip in resident and guest ticket sales, thus suggesting that the increase in ticket prices caused some contractors who were paying for the convenience and additional service level associated with the resident and guest tickets prior to the price increase were not willing to do so after the price increase in 2011.

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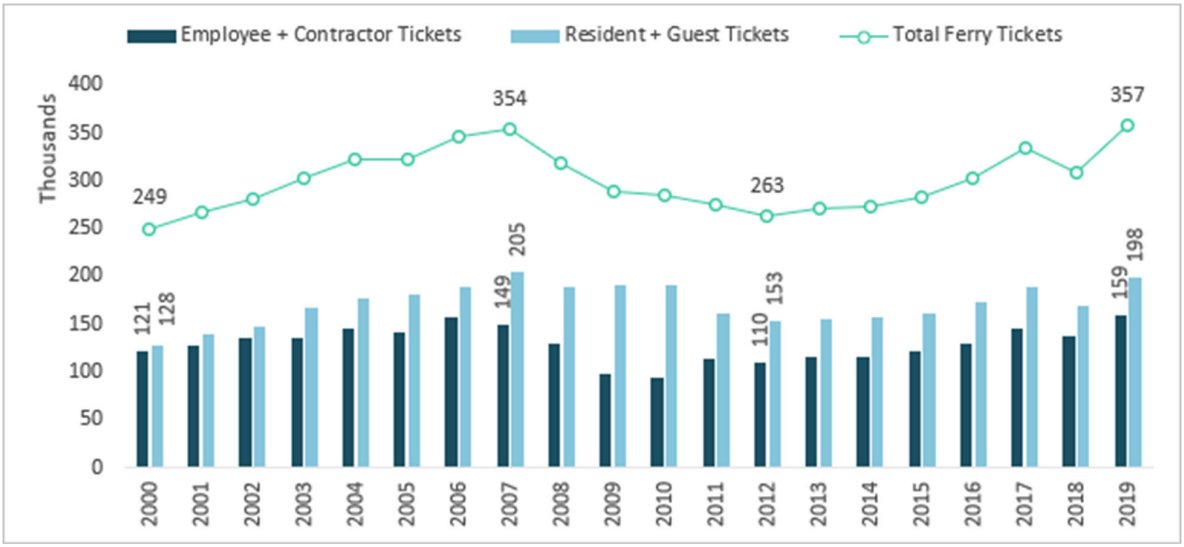
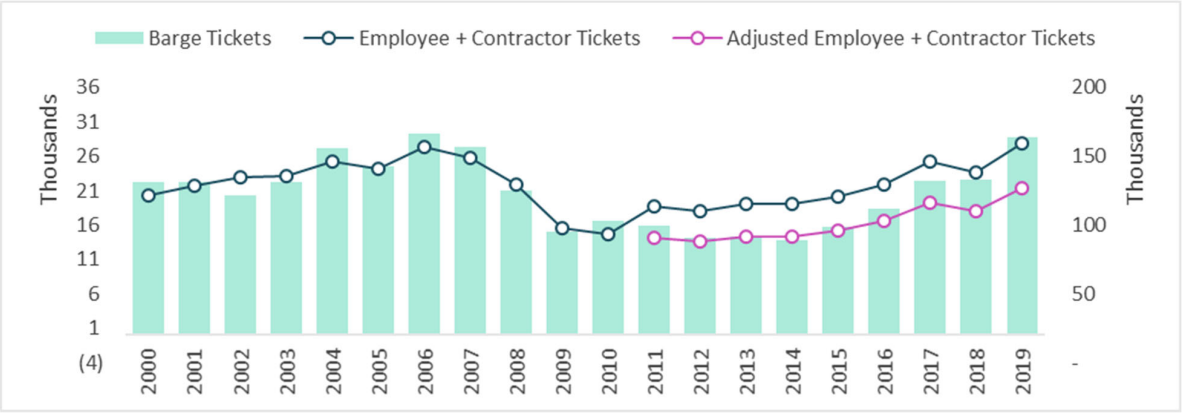
Figure 13: BHI ferry ticket sales by major category, 2000 to 2019



In addition to operating the passenger ferry, a freight barge service is also operated by Bald Head Island Limited and is intended to become part of the BHITA operation. The freight barge delivers all the materials associated with residential and non-residential construction, and as such, the freight barge tickets should be highly correlated with contractor and employee ticket sales. In Figure 14, we see that there is indeed a strong correlation between these ticket categories through 2010, when the employee and contractor ticket sales jumped despite residential construction hitting a 20-year low, and despite a slight decline in freight barge ticket sales. When we adjust for the 2011 ticket price increase – induced shift from resident and guest ticket sales to employee and contractor ticket sales, we see that the correlation between freight barge tickets and employee and contractor tickets remains tight until 2017. The data suggests that the approximate doubling of home construction in 2017 caused some of the contractors to shift back to buying the higher priced resident and guest tickets in recent years.

Figure 14: BHI freight barge ticket sales and employee and contractor ferry ticket sales, 2000 to 2019



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The rise, fall, and rebound in ferry and freight barge ticket sales reflects shifts in home construction, and home construction, in turn, is influenced by the relative attractiveness of real estate as an investment class. The purchase of second residences / vacation homes should be compared against alternative investments in the stock market. As can be seen in Table 13, which compares the relative performance of real estate (as measured by the national Case Shiller Home Price Index) to the Nasdaq composite index and the Dow Jones industrial average, there are four distinct periods. These are described in the bullets below:

- **Period 1: Housing Bubble (January 2000 to March 2007)** – Over this period, home prices increased at a compound rate of growth of just over 10 percent per year while both stock price barometers declined. New home construction averaged 58 new units per year, and ferry tickets grew at a compound annual rate of 5.6 percent, while freight barge ticket sales grew at a compound rate of 4.4 percent per year.
- **Period 2: The Great Contraction (March 2007 to May 2009)** – Over this period, declines were significant across all investment classes.
- **Period 3: Early Recovery (May 2009 to May 2012)** – Over this period, home prices remained flat, while the Nasdaq composite index increased at a compound annual rate of just under 20 percent (nearly doubling in five years), and the DJI increased at a compound rate of over 10 percent per year. Over period 2 and period 3, new home construction on BHI averaged just over six units per year, and in 2012, passenger ferry ticket sales were around 25 percent lower than in 2007, and freight barge ticket sales had fallen by half.
- **Period 4: Late Recovery (May 2012 to December 2019)** – Over this period, all asset categories produced attractive annual returns, and we see that new home construction grew from just four units in 2012 to 20 units in 2019. In turn, ferry ticket sales grew at a compound rate of 4.5 percent per year over this period and freight barge tickets doubled.[21]

[21] It should be noted that freight barge traffic in 2019 was unusually high due to recovery efforts following Hurricane Florence. Between 2012 and 2018, freight barge ticket sales grew at a compound rate of 9.5 percent per year.

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Table 13: Four major periods impacting real estate development in the US, 2000 to 2019

	Case Shiller Home Prices		Nasdaq Composite		Dow Jones Industrial Av.	
	Index	Measure	Index	Measure	Index	Measure
Period 1: Housing Bubble						
Jan-00	100	100.0	100	4,131.2	100	16,618.7
Mar-07	204	204.0	59	2,448.9	93	15,430.6
CAGR	10.3%		-7.0%		-1.0%	
Period 2: Great Contraction						
Mar-07	100	204.0	100	2,448.9	100	15,430.6
May-09	69	140.8	69	1,689.2	66	10,191.9
CAGR	-15.7%		-15.8%		-17.4%	
Period 3: Early Recovery						
May-09	100	140.8	100	1,689.2	100	10,191.9
May-12	99	139.5	172	2,902.6	136	13,831.1
CAGR	-0.3%		19.8%		10.7%	
Period 4: Late Recovery						
May-12	100	139.5	100	2,902.6	100	13,831.1
Dec-19	158	220.2	310	9,006.6	206	28,481.4
CAGR	6.2%		16.1%		10.0%	

Homes that are being built on BHI are primarily second residences, and more specifically, they are vacation homes. Nationally, it is estimated by the National Association of Home Builders that the total count of second homes was 7.4 million (2016) which equates to approximately 5.6 percent of the total housing stock. A significant, but unknown portion of this volume are comprised of what Mercator refers to as "cash flow real estate investments" – residential homes and condos that are purchased with the intent of renting units through long-term or short-term leases. Vacation homes, by contrast, typically remain vacant for most of the year, though it should be noted that vacation homes are now more frequently being rented out to vacationers on a daily or weekly basis as a consequence of the increased ease of doing so made possible through apps such as Airbnb. Mercator understands that 435 of BHI residential units fall into the category of vacation home rentals, generating about $18 million a year in rental revenue.

Vacation homes that do not generate cash flows are an asset class that is only accessible to the upper echelon of income earners. While Mercator does not believe that the COVID-19 pandemic will have any direct long-term impacts, the indirect impact on the economy could influence the outlook for new home construction on the Island. The trend shown in Figure 15 below, however, indicates that inflation-adjusted incomes of the top 5 percent of income earners have been quite resistant to recessionary pressures. Thus, it appears unlikely that the pandemic-caused recession will have an immediate or long-term impact on new home construction on BHI.

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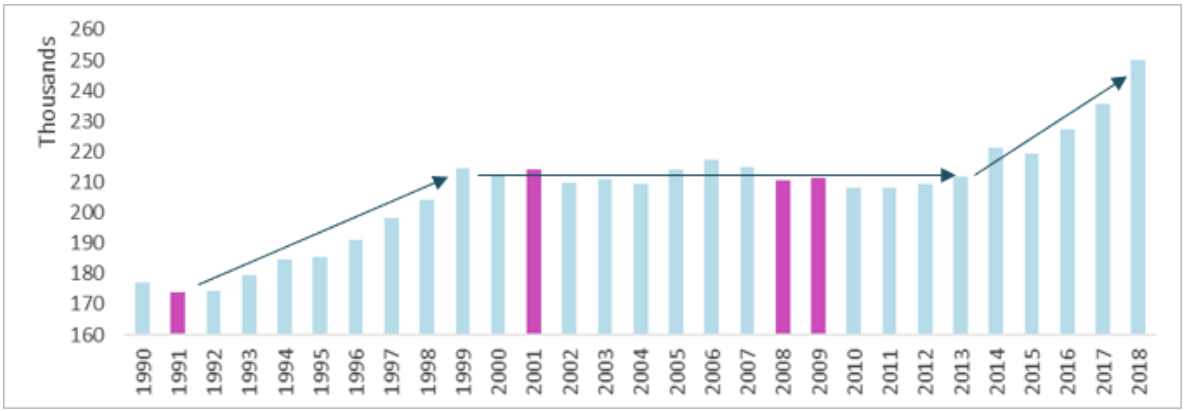
Figure 15: Inflation-adjusted average annual income of the lowest wage earners in the upper 5 percent income bracket, 1990 to 2018 (recessions highlighted in magenta) Source: US Census



4.2 BHI ferry ticket, freight barge ticket, and parking volume modeling

Through a stepwise multivariate regression analysis, Mercator derived an econometric model that accurately predicts historical barge and ferry ticket sales by major ticket class (guest / resident versus contractor / employee). Ferry and barge traffic to and from BHI are driven by total housing stock and the number of new houses built per year, though there are additional variables in the model to aid calibration. Ferry and barge traffic, in turn, drive demand for parking and other services. The historical accuracy of the model could be further improved by using dummy variables to account for one-off events such as hurricanes, but hurricanes are not accounted for in the model. It should be noted that in terms of ferry and barge traffic, the model will underpredict volumes associated with hurricane recovery efforts. This explains the underprediction in 2019, as the Island's residents and businesses recovered from Hurricane Florence, which touched down in late September 2018.

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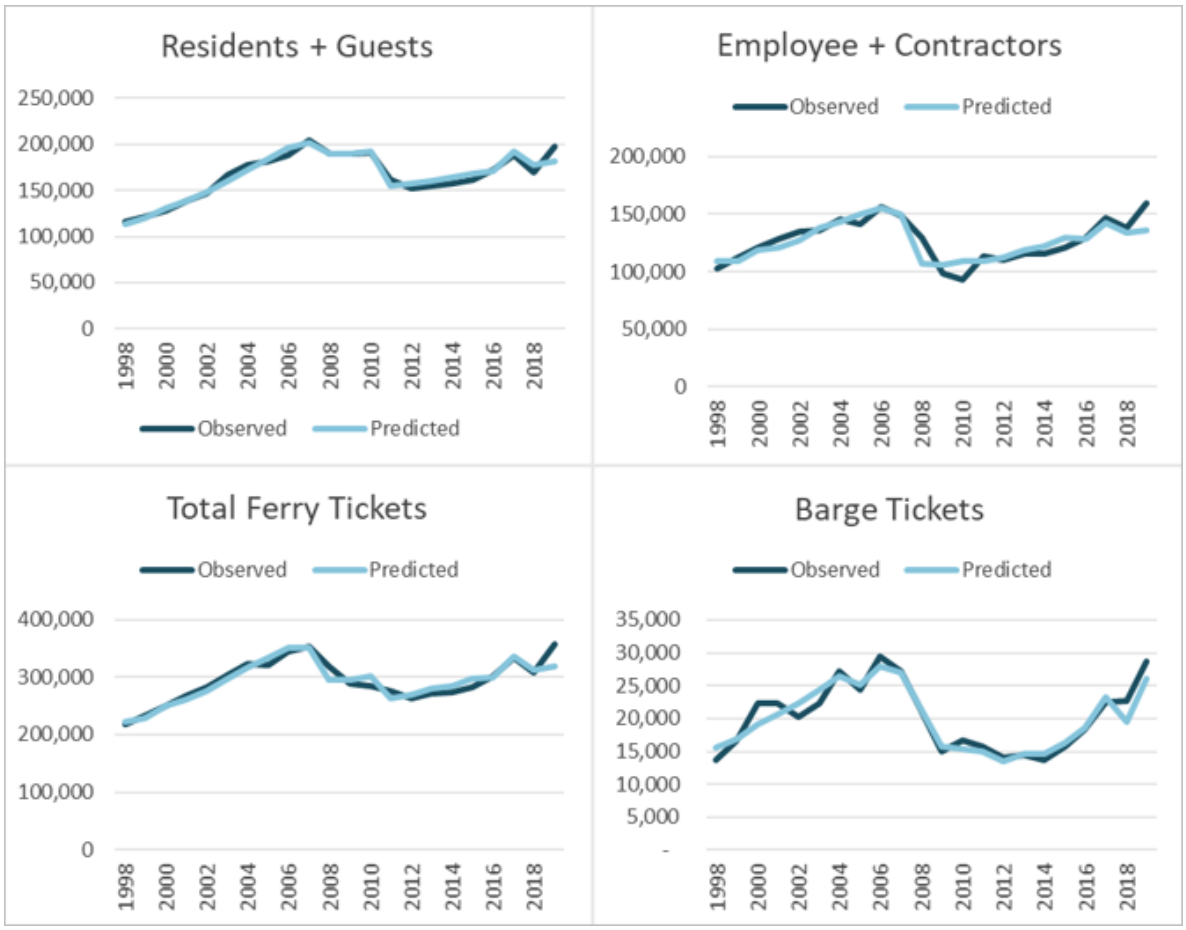
Figure 16: Observed and predicted BHI ferry and barge ticket volumes, 1997 to 2019



In the scatterplot below, we show that over the 1997 to 2018 period, variation in the independent variables driving the model are able to explain / predict just under 95 percent of the variation observed in total ferry ticket sales. Given the volatility in the BHI housing market, this an acceptable level of model determination.

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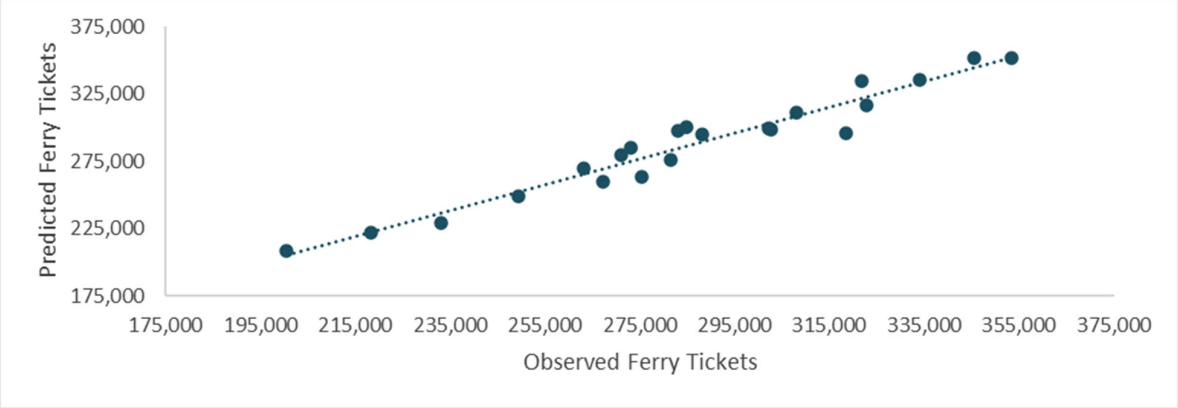
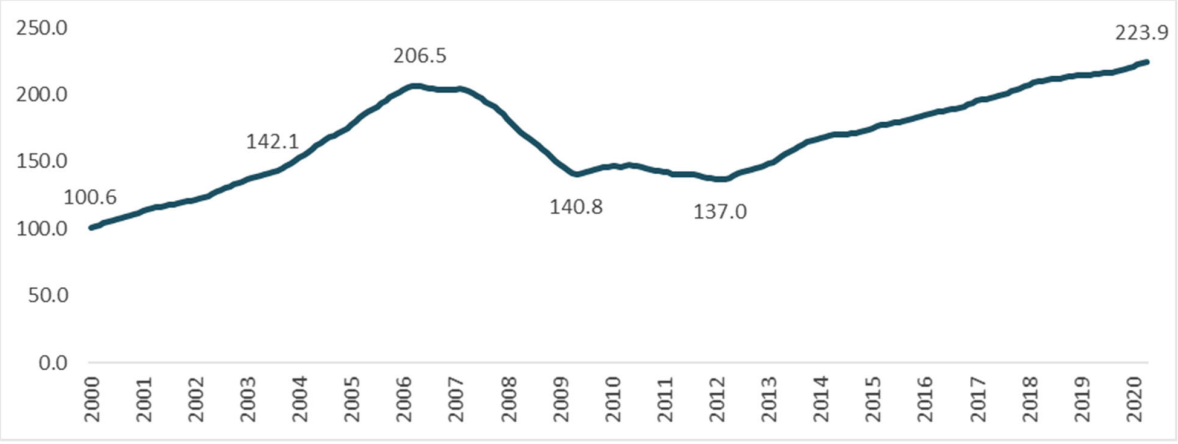
Figure 17: Scatterplot of observed and predicted ferry ticket sales, 1997 to 2018[22]



4.3 BHI ferry ticket, freight barge ticket, and parking volume forecast

Growth of BHI ticket sales and parking revenues are dependent on new home construction. As demonstrated in the overview section, new home construction has been extremely variable, with the rate of growth in residential housing stock ranging from as low as 0.2 percent (2011) to as high as 8.2 percent (2000). As a baseline assumption, Mercator assumes that the current recession is qualitatively different than the Great Recession of 2008 / 2009 in at least one critically important aspect – the Great Recession and global financial crisis were precipitated by a housing bubble that culminated with a mortgage crisis. Thus, those historically low new home construction rates should not be expected to return.

Figure 18: Case-Shiller Home Price Index, all cities, January 2000 to April 2020



[22] 2019 was excluded because it is an outlier year due to the effects of Hurricane Florence.

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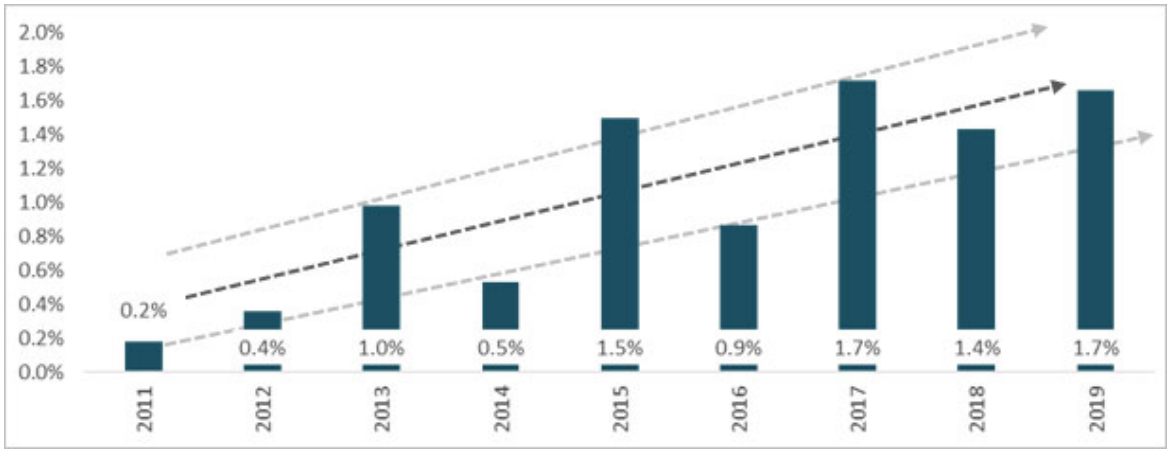
While growth rates in BHI home construction will likely fall far short of the levels reached during 'bubble years', it is reasonable to expect the rate of housing stock additions to continue to increase or at least remain steady when the following are considered:

- To date, the great majority of businesses that have been hit by the pandemic-inspired economic lockdowns are restaurants, retail, and travel, but these businesses are not in industries that are responsible for employing any significant amount of top-five percent income earners.
- Incomes of earners in the top-5 percent have been increasing steadily in real terms, and they are now well above the static income level that this population segment experienced during the housing bubble.
- International travel will continue to be viewed as risky for years, and some portion of the population of upper income earners who may have previously been interested in purchasing a vacation home offshore will view the relative safety of a domestic vacation home in a more favorable light. This will likely be especially true for those over 60 who are more susceptible to severe health implications from contracting the COVID-19 coronavirus.
- Moreover, interest rates are likely to remain at historic lows, which will make real estate even more attractive. Unlike stocks, real estate can be a leveraged investment.
- In uncertain times, owning property in a safe and readily-accessible place like BHI, located outside yet near major population centers, would likely be attractive to many people.
- Finally, the ability to work remotely could add some gravitational pull to the Island.

It is difficult to attach a growth rate multiplier to any of the bullet points above, and as can be seen in Figure 19, there has been a strong upward trend in the growth rate of housing stock on BHI. That said, in order to be conservative, Mercator has opted to pin the average BHI housing stock growth rate at 1.7 percent per year. There will be periods where growth will be higher, and years when new home construction falls short of this figure, but over the long run, 1.7 percent annual growth appears to be reasonable.[23]

Figure 19: Growth rate of BHI housing stock, 2011 to 2019



[23] The 1.7% p.a. rate of housing unit additions equates to 21 new units in 2022, and 25 units per year in 2030.

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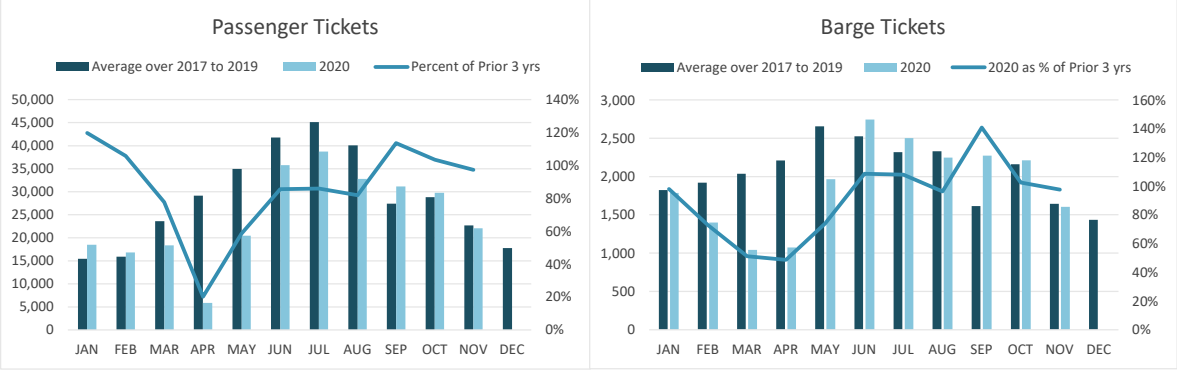
Year-to-date (through November) volumes by ticket class were used to estimate calendar year 2020 volumes. The COVID-19 crisis is expected to have knocked ferry ticket volumes down from 357,000 to about 290,000 and caused barge volumes to fall from around 29,000 barge tickets to about 23,000 barge tickets. It is worth noting, however, that even in the absence of the pandemic, modest volume declines would have been expected because 2019 was an outlier year in the sense that there was a significant bump in traffic associated with recovering from Hurricane Florence, which had caused many millions of dollars of property damage on BHI.

2020 Ferry and barge traffic as reported through November 2020 are plotted in Figure 20. Passenger traffic in the first two months of the year exceeded the prior 3 year average, but fell below the prior years' average in March, and reached a low point, both comparatively and absolutely in April, before making a strong recovery. Understanding the barge traffic behavior early in 2020 is a little more complicated due to the extraordinary volume carried in 2019, but a sharp decline in March was followed by a very strong recovery – to well above the 3 year average.

The following charts in Figure 20 show that barge traffic fully recovered before mid-year and has remained strong, and that ferry traffic recovered by September, despite the continuing restrictions on the capacity of each ferry sailing.

Figure 20 - 2020 Ferry and Barge Traffic as compared to Recent 3-year averages



Volumes in 2021 are expected to rebound to 345,000 ferry tickets and 23,000 barge tickets, and as can be seen in the graphic below, an annual growth in new home construction of 1.7 percent (21 units added in 2022, rising to 25 by 2030) should be expected to cause resident and guest ferry ticket sales to grow at a compound annual rate of 2.4 percent over the five-year period from 2021 to 2026, while contractor and employee tickets grow at a compound annual rate of 1.9 percent and barge tickets grow at compound rate of 3.3 percent per year. Over the ten-year period from 2021 to 2030, growth rates relax some, as total ferry ticket sales grow at a compound annual rate of 2.0 percent while barge tickets grow at a compound rate of 2.9 percent per year. Parking volumes are expected to grow at least in line with the ferry passenger ticket levels.[24]

[24] There has been a modest upward trend in the number of parking vehicle-days (from 1.01 vehicle days in 2011 to an average of 1.26 vehicle days over the last four years), but in keeping with our conservative approach, we have not increased the assumed number of vehicle parking days and associated parking revenue per ferry passenger.

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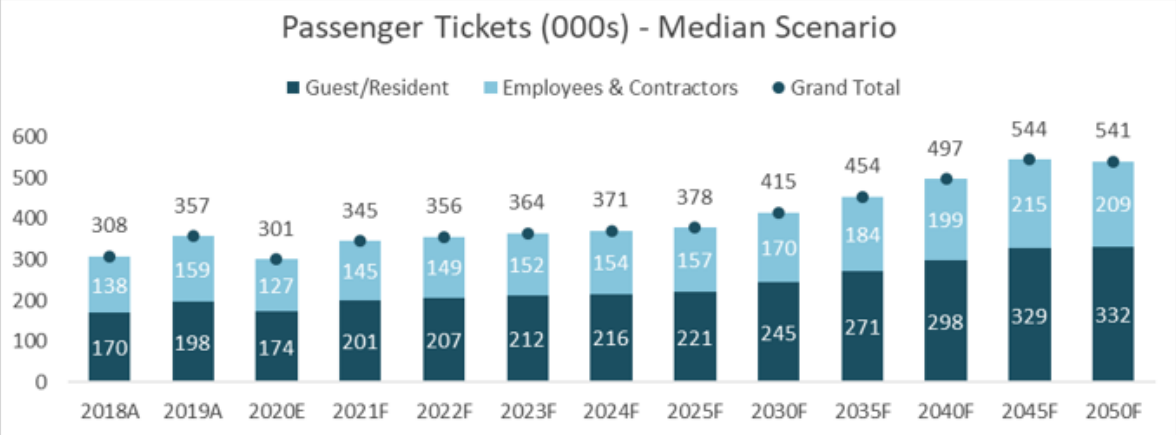
Figure 21: Ferry and barge ticket forecast, 2020E to 2050[25]



	CAGRs		
	5-Year (2021-2026)	10-Year (2021-2031)	Full Term (2021-2050)
Median Growth Rates			
Housing Stock Additions	1.7%	1.7%	1.6%
Passenger Tickets			
Guest/Resident	2.4%	2.2%	1.8%
Emp's & Contractors	1.9%	1.8%	1.3%
Grand Total	2.2%	2.0%	1.6%
Barge Tickets	3.3%	2.9%	1.8%

4.3 BHI ferry, freight barge, and parking forecasts under high, low and "stress" cases

In addition to modelling the expected development of demand for ferry, barge and parking services, Mercator developed alternate scenarios in order to examine how the financial performance of the Authority would be affected by changes in the underlying circumstances that drive demand for the authorities services.

The alternate scenarios were defined as follows:

High Case: new construction grows the housing stock at a rate of 2.25% per year, adding 28 units in 2022 and 34 units per year in 2030 - which is only slightly more than half the average annual additions over the 2001 to 2006 housing boom - and eventually reaching the total island build out limit in 2043.

Low Case: new construction grows the housing stock at a rate of only 0.75% per year, which results in only 9 additional units per year in 2022, increasing to 10 units per year by 2030. Over the 2021 to 2050 period (29 years), the total number of new units added would total to only 305, which is equal to the number that were built over the five years ending in 2006.

[25] Volume forecasts were prepared (and are shown here) on a calendar year basis in line with reporting from BHIL. Calendar year forecasts were converted to fiscal years ending in June for the financial modeling.

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Moderate Case with Housing Recession: housing construction falls to 10 units in 2022, and then only 8 additional units are built during 2023-2025 (i.e. fewer than three per year), before annual housing growth returns to the base case rate. Whereas in the base case scenario, 88 units are built between now and 2025, under the moderate case with a housing recession scenario, the total falls to just 18.

Low Case with Housing Recession: housing construction over the 2022 to 2025 period amounts to just 17 new units, and after this period, new unit construction returns to the low case scenario. Hence, under this scenario, a slightly higher number of new units are constructed over the remaining 29 years of the forecast than were constructed between 2003 and 2006.

Figure 22 - Ferry and barge traffic forecasts under each scenario

Expected (Median Housing Growth) Scenario

Passenger Tickets (000s) -	14mo 2020	Mar-Jun '21	FY '22	FY '23	FY '24	FY '25	FY '30	FY '35	FY '40	FY '45	FY '50	Compound Annual Growth 2022-2025	2025-2030	2030-2050
Guest/Resident	181	74	203	208	214	219	243	268	296	326	344	2.6%	2.1%	1.8%
Employees & Contractors	143	54	145	148	152	156	169	183	198	214	220	2.5%	1.6%	1.3%
Grand Total Ferry Tickets	323	128	348	356	366	375	412	451	494	540	565	2.5%	1.9%	1.6%
Barge Tickets (000s)	25.2	8.1	23.8	25.3	26.1	27.1	30.3	34.2	38.2	42.7	39.3	4.4%	2.3%	1.3%

High Housing Growth Scenario

Passenger Tickets (000s) -	14mo 2020	Mar-Jun '21	FY '22	FY '23	FY '24	FY '25	FY '30	FY '35	FY '40	FY '45	FY '50	Compound Annual Growth 2022-2025	2025-2030	2030-2050
Guest/Resident	181	74	206	215	222	228	260	296	335	333	333	3.5%	2.7%	1.2%
Employees & Contractors	143	54	147	153	158	163	180	200	222	210	210	3.4%	2.1%	0.8%
Grand Total	323	128	353	367	380	391	440	496	556	542	542	3.5%	2.4%	1.0%
Barge Tickets (000s)	25.2	8.1	25.4	27.0	28.2	29.1	33.7	39.3	45.1	39.3	39.3	4.7%	3.0%	0.8%

Low Housing Growth Scenario

Passenger Tickets (000s) -	14mo 2020	Mar-Jun '21	FY '22	FY '23	FY '24	FY '25	FY '30	FY '35	FY '40	FY '45	FY '50	Compound Annual Growth 2022-2025	2025-2030	2030-2050
Guest/Resident	181	74	195	191	194	196	206	216	227	237	249	0.2%	1.0%	1.0%
Employees & Contractors	143	54	139	135	139	141	146	151	157	163	169	0.4%	0.7%	0.7%
Grand Total	323	128	335	326	333	337	352	367	384	400	419	0.3%	0.9%	0.9%
Barge Tickets (000s)	25.2	8.1	19.7	20.8	21.4	21.8	22.8	24.4	26.1	27.5	29.4	3.4%	0.9%	1.3%

Median Housing Growth Scenario - with a Housing Recession

Passenger Tickets (000s) -	14mo 2020	Mar-Jun '21	FY '22	FY '23	FY '24	FY '25	FY '30	FY '35	FY '40	FY '45	FY '50	Compound Annual Growth 2022-2025	2025-2030	2030-2050
Guest/Resident	181	74	196	190	190	191	227	252	278	306	337	-0.7%	3.5%	2.0%
Employees & Contractors	143	54	140	134	135	136	161	174	188	203	220	-0.8%	3.3%	1.6%
Grand Total	323	128	335	324	325	328	388	426	466	510	557	-0.8%	3.4%	1.8%
Barge Tickets (000s)	25.2	8.1	20.0	19.8	20.0	20.5	27.9	31.7	35.7	39.8	44.4	0.8%	6.4%	2.3%

Low Housing Growth Scenario - with a Housing Recession

Passenger Tickets (000s) -	14mo 2020	Mar-Jun '21	FY '22	FY '23	FY '24	FY '25	FY '30	FY '35	FY '40	FY '45	FY '50	Compound Annual Growth 2022-2025	2025-2030	2030-2050
Guest/Resident	181	74	195	189	190	191	202	211	222	233	243	-0.7%	1.1%	0.9%
Employees & Contractors	143	54	139	134	135	136	144	149	155	160	166	-0.8%	1.1%	0.7%
Grand Total	323	128	335	323	325	327	346	360	377	393	409	-0.7%	1.1%	0.8%
Barge Tickets (000s)	25.2	8.1	19.7	19.8	20.0	20.4	22.3	23.8	25.5	26.9	28.3	1.2%	1.7%	1.2%

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5. Financial analysis and cash flow forecasts

The section presents the financial analysis of the component activities of the BHITA, and forecasts the cash flows to be generated by each activity to be undertaken by the BHITA and by the Authority in aggregate.

5.1. Methodology

Using historical traffic and financial data provided by BHI Limited and the audited financial statements, Mercator has developed a forecast of volume, rates, operating expenses, and capital expenditures by line of business: (i) passenger ferry and on-island tram, (ii) parking, and (iii) tug and freight barge. Where appropriate, growth rates by line of business, and therefore revenue, were broken down and forecast by specific sub-categories. Operating expenses were forecast based on historic actual costs, carried forward to include and reflect a) the specific operating circumstances of the BHITA and the terms of the transaction, b) adjustments for inflation and c) increases to costs related to increased volumes and additional sailings that result from increasing volumes.

Capital expenditures were forecast considering a) the requirements to expand capacity to handle growing volumes with a level of service comparable to historical service levels, b) the need to replace existing assets at the end of their assumed useful life, c) on-going "sustaining" or "maintenance" capital expenditures in line with historical spending, and d) required additional maintenance and life-extension work identified by inspections carried out by engineers retained by BHIL and BHITA. Given that the BHITA will not be an income tax-paying entity, no consideration is given to income tax or depreciation of assets.

The three lines of business have limited working capital requirements. Much of the revenue is paid with credit cards, which do not take significant time to clear. Expenses are primarily wages and salaries and fuel, which are due and payable promptly. Mercator expects the working capital to consist of approximately one-month of total operating expenses.

As an escalator for operating costs, capital expenditures and ticket revenue, Mercator has assumed an inflation rate of 2 percent per year.

5.2 Capital Expenditure Forecast

Capital expenditures (CapEx) comprise an important use of operating cash flows and have been evaluated and forecast for each of the three BHITA lines of business.

The largest capital expenditures will be for replacement of each of the four ferry vessels when each vessel reaches the end of its expected useful life. Mercator has assumed replacement of ferries with catamaran type ferries (similar to the *Ranger* and *Patriot*) at defined intervals based on an approximate useful life of 45 years, with a current (2020) cost of approximately $4.5 million per unit, escalated by inflation.[26]

Routine day-to-day vessel M&R spending is included as a normal operating expense, while the capital forecast includes the costs for major programmed spending such as engine overhauls for the ferries and the tug.

[26] Existing monohull ferries (*Sans Souci* and *Adventure*) are 42 and 31 years old, respectively, and in good condition. *Sans Souci* could be operable for another three to five years and *Adventure* for another 13-17 years, so a 45-year life for aluminum ferries is a reasonable assumption.

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Other programmable CapEx includes the replacement of tram trucks at defined intervals under an assumed useful life of about seven years, which is consistent with the historical trend, and replacement of the un-powered passenger trailers after 20+ years. A new ferry ticket system is also included.

As parking demand rises, new parking capacity will need to be added at Deep Point. We have modelled the timing of parking lot development, linking it to growth in ferry traffic, at a cost of $2,500/stall for small scale projects and $2,000/stall for larger projects (over 100 stalls). Included in the parking development plan is the addition of 167 stalls at the northwest corner of the campus that will be done no later than 2024, followed by additional stalls as demand dictates. Paid parking-days per stall number about 245 per year, allowing a fast recovery of parking investments and positive cash flow in roughly two years should demand grow faster than expected.

As discussed in Section 3, we have included capital for all of the repair and replacement work identified by Moffat & Nichol as being required within the next 10 years. This includes bulkhead and dock repairs, a ferry landing replacement, periodic barge ramp replacements, and recommended inspections.

In addition to programmable spending, we include additional "sustaining" CapEx amounts that are consistent with the average historical CapEx incurred over recent years, and increased going forward for inflation. CapEx requirements by year and category are summarized in Table 14. Estimated capital spending through FY 2030, excluding ferry vessel replacement, comes to $9.5 million.

Table 14: Capital Expenditure Forecast for BHITA

												Five Year Totals			
Capital Spending Forecast		**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**2031-'35**	**2036-'40**	**2041-'45**	**2045-'50**
Ferry and Tram System		Mar-Jun													
Docks/Piers/Bulkheads	$000s	0	107	74	155	0	0	527	538	188	0	0	0	0	0
Capital Dredging	$000s	0	0	0	0	93	0	246	0	0	0	112	295	486	0
Ferry Vessel Overhaul	$000s	80	80	0	166	0	172	0	183	187	187	404	651	966	805
Ferry Vessel Replacement (net)	$000s	0	0	2,435	2,153	0	0	0	0	0	0	5,484	0	0	7,166
Vehicles (Trucks and Trams)	$000s	27	55	56	86	236	152	246	220	412	164	792	454	706	649
Equipment - Luggage Dollies	$000s	0	0	0	0	0	0	0	0	122	0	0	0	0	0
IT - Ticketing System	$000s	0	250	0	0	0	0	0	0	0	0	0	0	0	0
Other / Sustaining	$000s	25	77	79	81	82	84	86	87	89	91	482	532	587	648
Subtotal Ferry and Tram	$000s	132	569	2,645	2,640	412	407	1,105	1,028	998	441	7,273	1,932	2,745	9,268
Freight Barge System															
Docks/Piers/Barge Ramps	$000s	0	0	0	0	0	320	0	0	0	0	0	390	0	475
Barge / Towboat Replacement	$000s	0	0	0	0	0	0	0	0	179	305	0	0	0	0
Other / Sustaining	$000s	9	27	27	28	28	29	29	30	30	31	165	182	201	222
Subtotal Freight Barge	$000s	9	27	27	28	28	349	29	30	210	336	165	572	201	697
Parking Operations															
Parking Lots: Land Acquisition	$000s	0	0	0	0	0	0	0	0	0	0	0	1,231	0	0
Parking Lots: Development	$000s	0	347	0	0	0	200	0	0	194	546	291	1,242	0	0
Other / Sustaining - Parking	$000s	4	12	12	12	12	13	13	13	13	14	73	80	88	98
Other / Sustaining - Landlord	$000s	43	133	135	138	141	144	146	149	152	155	825	911	1,006	1,110
Subtotal Parking	$000s	47	492	147	150	153	356	159	163	360	715	1,188	3,464	1,094	1,208
Grand Total Capital Spending		**188**	**1,088**	**2,819**	**2,818**	**593**	**1,112**	**1,294**	**1,220**	**1,568**	**1,492**	8,626	5,968	4,040	11,173
Vessel Replacement Capex (net)		-	-	**2,435**	**2,153**	-	-	-	-	-	-	5,484	-	-	7,166
Other than Vessel Replacement Capex		**188**	**1,088**	**384**	**665**	**593**	**1,112**	**1,294**	**1,220**	**1,568**	**1,492**	3,142	5,968	4,040	4,008

5.2 Passenger ferry and on-island tram services

Mercator forecasts aggregate passenger ferry volume in the median or expected case to grow from about 357,000 passengers in 2019, to about 480,000 in 2040, reflecting a CAGR of about 1.42 percent from the 2019 peak. In low case, traffic would reach 412,000 in 2040 (CAGR of 0.7 percent) and in the high case, 515,000 (a CAGR of 1.76 percent).

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As discussed previously in this report, the system has an existing capacity for at least 535,000 passengers per year, based on being able to accommodate peak season demand at 2019 service levels. This capacity limit is a service-level driven limit, rather than a limit related to gross passenger carrying capacity constraints. If lower service levels, and correspondingly extended passenger waiting times, were deemed acceptable, or if passengers accepted the use of a reservation system to spread out demand during peak periods, then the system could deliver additional capacity without significant additional service delivery expenses or capital expenditures.

Ferry ticket prices and schedules for the ferry system have been regulated by the NCUC since 1993. The only increase in ferry ticket prices was implemented in January 2011, leaving significant "room" in the price structure for increases just to "catch up" with a decade of inflation. Mercator has assumed that standard ferry ticket prices (category I) would be increased by $4 per round-trip (from $23 to $27, about a 17 percent increase) in July 2021 (the start of FY 2022), approximately offsetting the prior 10 years that had passed without an increase. An increase of $2 in the category I ticket (to $29, or 7%) is assumed 5 years later for FY 2027, and then subsequently increased in line with inflation every 3 years. Other ferry ticket categories would also be increased in each instance by the same percentage. We assume that prices would be rounded-down to the nearest $0.50. Between 2019 and 2030, we assume the average annual increase (CAGR for ferry ticket prices) would be 2.6%.

It is important to note that the BHITA will not be regulated by the NCUC or any other entity, and will be free to set its prices without regulatory oversight. This flexibility will allow the BHITA to adjust prices if needed to recover unexpected cost increases or to respond to other financial events.

Costs are broken down into three subcategories as reported by BHIL: *Cost of Sales*, *Salaries & Wages*, and *Operating Expenses*. The *Cost of Sales* category is assumed to be volume variable. *Salaries and Wages* are a combination of fixed costs and volume variable costs. *Operating Expenses* which depend on the number of voyages or passengers, including fuel and M&R, are increased with volume, while other operating and management costs are assumed to be fixed.

Volume *Variable Costs* are assumed to grow at the volume growth rate plus the rate of inflation. Fixed costs are assumed to grow at inflation. On this basis, Mercator forecasts costs to grow from about $6.0 million in 2019, to about $9.1 million by 2040, a CAGR of 3.9 percent.

The regulated ferry company (BHI Transportation) has historically paid the parent company (BHI Limited) for the lease of certain facilities required for the operation of the ferry business (the lease rate, as dictated by the 2010 North Carolina Utilities Commission rate case is $1,252,708 per year). Given that the ownership of this land will be transferred to the BHITA, this lease payment will disappear, decreasing overall costs and increasing earnings as compared to previous operations. In addition, about $95k per year of revenue for certain property at Deep Point that is leased to others and has historically paid to BHIL (and not reflected in the ferry operations results) will be received by BHITA.

There are four staff positions within BHI Limited (on the BHI Limited payroll, not the ferry transportation payroll) that support ferry operations. The costs for these personnel, who will move from BHI Limited to the BHITA, have been accounted for in the analysis, as well as the cost to add a new senior manager in FY 2023 as planned by the BHITA.

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Ferry and tram EBITDA is expected to be about $1.6 million in FY2022, growing to 1.9 million in FY 2025 and $2.4 million in FY 2030. The reversal of the negative ferry EBITDA in FY 2021 is due primarily to the elimination of the Deep Point lease costs as mentioned above.

Table 15 summarizes Mercator's forecast of earnings and cash flows for the passenger ferry / on-island tram line of business (after 2025, figures are presented in five-year intervals).

Table 15: Financial summary for ferry / on-island tram business

		Median	14mo (Feb)	4mo (Jun)													
Passenger Ferry/On-Islan	*UOM*	**CY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2035**	**FY 2040**	**FY 2045**	**FY 2050**
Capacity	*Passengers*	625,000	180,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000
Volume (Total Tickets)	*Pass Tickets*	323,400	128,300	347,800	356,700	366,500	375,400	383,600	389,100	395,600	404,700	412,200	451,300	494,100	537,800	537,800
% of Max Capacity	*%*		*71%*	*65%*	*67%*	*69%*	*70%*	*72%*	*73%*	*74%*	*76%*	*77%*	*84%*	*92%*	*101%*	*101%*
Revenue	*USD (000s)*	5,713	2,383	7,281	7,450	7,644	7,823	7,994	8,663	8,811	9,014	9,692	11,265	13,760	16,901	17,986
Costs	*USD (000s)*	6,562	2,312	5,507	5,816	5,988	6,159	6,331	6,493	6,664	6,855	7,041	8,028	9,170	10,469	11,557
EBITDA	***USD (000s)***	**-849**	**71**	**1,774**	**1,633**	**1,656**	**1,664**	**1,662**	**2,171**	**2,147**	**2,159**	**2,651**	**3,237**	**4,591**	**6,431**	**6,429**
EBITDA Margin	***% of Rev***	***-14.9%***	***3.0%***	***24.4%***	***21.9%***	***21.7%***	***21.3%***	***20.8%***	***25.1%***	***24.4%***	***24.0%***	***27.4%***	***28.7%***	***33.4%***	***38.1%***	***35.7%***
Unit Rev	*USD/Tkt*	17.67	18.57	20.94	20.89	20.86	20.84	20.84	22.27	22.27	22.27	23.51	24.96	27.85	31.43	33.44
Unit Costs	*USD/Tkt*	20.29	18.02	15.83	16.31	16.34	16.41	16.50	16.69	16.85	16.94	17.08	17.79	18.56	19.47	21.49
Unit EBITDA	*USD/Tkt*	-2.62	0.56	5.10	4.58	4.52	4.43	4.33	5.58	5.43	5.34	6.43	7.17	9.29	11.96	11.95
YoY Growth Rates																
Volume	*%*				*2.6%*	*2.7%*	*2.4%*	*2.2%*	*1.4%*	*1.7%*	*2.3%*	*1.9%*	*1.9%*	*1.9%*	*1.2%*	*0.0%*
Revenue	*%*				*2.3%*	*2.6%*	*2.4%*	*2.2%*	*8.4%*	*1.7%*	*2.3%*	*7.5%*	*1.9%*	*1.9%*	*7.7%*	*0.1%*
Costs	*%*				*5.6%*	*2.9%*	*2.9%*	*2.8%*	*2.6%*	*2.6%*	*2.9%*	*2.7%*	*2.7%*	*2.7%*	*2.5%*	*2.0%*
EBITDA	*%*				*-7.9%*	*1.4%*	*0.5%*	*-0.1%*	*30.6%*	*-1.1%*	*0.6%*	*22.8%*	*-0.1%*	*0.3%*	*17.5%*	*-3.1%*

5.3 Parking services

Vehicle parking demand is derivative of passenger ferry traffic; thus, Mercator's growth rates for the passenger ferry business are utilized to grow vehicle parking days. Although paid vehicle parking days per ferry has been rising over the last decade, we conservatively assume a steady 1.26 parking days per ferry ticket based on the average of the four years through 2019.[27]

To accommodate future parking demand, additional capacity will be required. Mercator has assumed parking development within Areas 1, 7, 9 and 14, which are located on land to be sold to the new transportation entity. Mercator has further assumed the acquisition when needed of Areas 2 and 3 and their development (as needed) into parking lots. A 30-year purchase option has been negotiated between the Authority and BHIL for 2.2 acres (Area 2) with predetermined cost escalations that are below our expectations for inflation. This land purchase cost has been included in the capital expenditure model. Development of Area 3 is not expected to be required until near the end of the 30 year forecast period, and cost for this is based on the Area 2 cost, but with full inflation assumed.

Parking rates have seen limited increases since 2006 – a $1/day increase in 2011 and another $1/day increase in mid-2019, each applicable to the daily lots, which comprise about 70 percent of parking revenue. Mercator has assumed a 21% increase of parking rates at the start of FY 2022, and has assumed ticket prices would subsequently stay flat until 2027, and then grow at the rate of inflation thereafter. The assumed growth in parking rates between 2019 and 2030 (the CAGR in parking rates) is 2.3%. The combination of volume growth and price increases results in parking revenue growth from about $2.76 million in 2019 to about $3.8 million in 2025 and $4.4million in 2030.

As with the other lines of business, costs are modeled in three subcategories, *Cost of Sales*, *Salaries & Wages*, and *Operating Expenses*. *Cost of Sales* is treated as volume variable. In the case of parking, *Salaries and Wages* are assumed to be largely fixed (unless capacity utilization were to reach a point

[27] Parking demand during 2020 increased, but this increase in demand was not carried forward in our modelling of future years.

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requiring additional variable costs such as valet services), and are quite limited in any case. *Operating Expenses* are also assumed to be fixed as well. Variable costs are assumed to grow at the volume growth rate plus 2 *percent* for assumed cost inflation. Fixed costs are assumed to grow at 2 percent for assumed cost inflation. On this basis, Mercator forecasts costs to grow from about $600,000 in 2019, to about $800,000 by 2030, a CAGR of about 2.6 percent.

Combining the revenue and cost forecasts, parking EBITDA is expected to grow from $2.16 million in 2019 to approximately $3.1 million in 2025 and $3.6 million by 2030, a CAGR of 4.8 percent.

Mercator has assumed considerable CapEx for the addition of parking capacity, first to complete a previously planned project by 2022 and subsequently as required based on demand. The first 670 new slots will be developed on land being transferred to the BHITA, with a further 425 slots eventually to be developed on adjacent land that would have to be purchased (the associated land acquisition cost is included where relevant). New parking capacity and CapEx spending is "triggered" in the model when parking volume hits 90 percent of then-current capacity. Other CapEx is forecast based on the average maintenance CapEx per annum based on historical data provided by BHI Limited. Table 16 summarizes Mercator's forecast of cash flows for the parking line of business (after 2025, figures are presented at five-year intervals).

Table 16: Financial summary for parking business

Parking	UOM	CY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2035	FY 2040	FY 2045	FY 2050
	Median	14mo (Feb)	4mo (Jun)													
Capacity	Vehicle Days	459,000	153,000	499,000	499,000	499,000	499,000	524,000	524,000	524,000	539,000	591,000	617,000	717,000	717,000	717,000
Parking Volume	Vehicle Days	406,557	161,290	437,231	448,420	460,740	471,928	482,237	489,151	497,322	508,762	518,191	567,345	621,150	676,087	676,087
Utilization	%	*89%*	*105%*	*88%*	*90%*	*92%*	*95%*	*92%*	*93%*	*95%*	*94%*	*88%*	*92%*	*87%*	*94%*	*94%*
Revenue	USD (000s)	2,686	1,066	3,498	3,587	3,686	3,775	3,858	4,158	4,227	4,324	4,405	5,390	6,522	7,775	8,451
Costs	USD (000s)	701	210	637	651	666	681	696	711	727	743	759	847	945	1,056	1,165
EBITDA	USD (000s)	**1,985**	**855**	**2,861**	**2,936**	**3,020**	**3,094**	**3,162**	**3,447**	**3,501**	**3,582**	**3,645**	**4,543**	**5,577**	**6,719**	**7,286**
EBITDA Margin	% of Rev	***73.9%***	***80.3%***	***81.8%***	***81.8%***	***81.9%***	***82.0%***	***82.0%***	***82.9%***	***82.8%***	***82.8%***	***82.8%***	***84.3%***	***85.5%***	***86.4%***	***86.2%***
Unit Rev	USD/Veh-Day	6.61	6.61	8.00	8.00	8.00	8.00	8.00	8.50	8.50	8.50	8.50	9.50	10.50	11.50	12.50
Unit Costs	USD/Veh-Day	1.72	1.30	1.46	1.45	1.45	1.44	1.44	1.45	1.46	1.46	1.47	1.49	1.52	1.56	1.72
Unit EBITDA	USD/Veh-Day	4.88	5.30	6.54	6.55	6.55	6.56	6.56	7.05	7.04	7.04	7.03	8.01	8.98	9.94	10.78
YoY Growth Rates																
Parking Volume	%				*2.6%*	*2.7%*	*2.4%*	*2.2%*	*1.4%*	*1.7%*	*2.3%*	*1.9%*	*1.9%*	*1.9%*	*1.2%*	*0.0%*
Revenue	%				*2.6%*	*2.7%*	*2.4%*	*2.2%*	*7.8%*	*1.7%*	*2.3%*	*1.9%*	*1.9%*	*1.9%*	*1.2%*	*0.0%*
Costs	%				*2.2%*	*2.3%*	*2.2%*	*2.2%*	*2.1%*	*2.2%*	*2.2%*	*2.2%*	*2.2%*	*2.2%*	*2.2%*	*2.0%*
EBITDA	%				*2.6%*	*2.9%*	*2.5%*	*2.2%*	*9.0%*	*1.6%*	*2.3%*	*1.8%*	*1.8%*	*1.8%*	*1.1%*	*-0.3%*

5.4 Tug and freight barge services

As discussed above, Mercator forecasts aggregate freight barge volume to decline from the exceptionally high 2019 level of 28,700 tickets[28] sold to about 24,300 tickets in FY2022, and then to increase to about 27,100 in FY 2025, 30,600 in FY 2030 and 38,200 tickets in FY 2040, representing a CAGR of 2.5 percent between 2021 and 2040.

Freight barge prices were last increased in mid-2019 (from $50 to $55/ticket), and before that had not been increased since 2006. Mercator has assumed freight barge ticket prices would be increased by $5 (about 9 percent) percent at the start of FY 2022, and then grow at the rate of inflation, with the adjustments implemented every three years. The assumed increases in barge ticket prices from the start of 2019 (prior to the last increase) through 2030 average 2.0%. This results in FY 2022 revenue of $1.44

[28] A "freight barge ticket" is required for each 6 lane-feet of barge space occupied. 2019 freight barge traffic was exceptionally high due to the rebuilding related to recovery from Hurricane Florence.

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million (just below the high mark set in 2019), which grows to about $1.64 million in 2025, $1.90 million in FY 2030.

As with the other lines of business, costs are broken down and modeled using three subcategories: *Cost of Sales*, *Salaries & Wages*, and *Operating Expenses*. Again, *Cost of Sales* is treated as volume variable (ticket sales). As with ferry business, *Salaries and Wages* are assumed to be variable based on the number of voyages completed. In the later years of the forecast period with higher volume demand, additional voyages will be required, thus driving increases in *Salaries & Wages*. *Operating Expenses,* other than for the variable (voyage-driven) fuel and R&M costs, are generally assumed to be fixed (but growing with inflation).

Variable costs are assumed to grow at the volume (voyage count) growth rate plus 2 percent for assumed cost inflation. Fixed costs are assumed to grow at 2 percent for assumed cost inflation. With fewer voyages than in 2019, Mercator forecasts freight barge costs to first decline from the CY 2019 level of $455,000 to $435,000 in FY 2022, and then to increase to about $600,000 in FY 2030 and $890,000 in FY 2040, a CAGR of about 4.1 percent. Combining the revenue and cost forecasts, EBITDA is expected to grow from about $1.0 million in FY 2022, to about $1.3 million in 2030 and approximately $2.1 million by 2040.

Future CapEx requirements for the freight barge service are modest, given that the tug was just replaced in 2017, with a service life on the order of 40 years. Mercator has, therefore, assumed that no replacement of the freight barge service tug would be required during the period of the analysis. The existing freight barge (now about 20 years old) is assumed to be replaced in 2030, with a current replacement cost of $250,000, and the freight barge ramps are assumed to be replaced every 10 years as recommended by Moffat & Nichol. Other barge-related CapEx is based on the average historical CapEx requirements. Table 17 summarizes Mercator's forecast of cash flows for the freight barge operation.

Table 17: Financial summary for tug and freight barge business

Tug&Feight Barge	UOM	CY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2035	FY 2040	FY 2045	FY 2050
	Median	14mo (Feb)	4mo (Jun)													
Voyages Made	R-T Voyages	1,050	300	900	925	955	990	1,015	1,020	1,060	1,095	1,105	1,250	1,395	1,560	1,435
Barge Capacity	Tickets Available	35,910	10,260	30,780	31,635	32,661	33,858	34,713	34,884	36,252	37,449	37,791	42,750	47,709	53,352	49,077
Barge Volume	Tickets Sold	25,200	8,100	23,800	25,300	26,100	27,100	27,800	27,900	29,000	29,900	30,300	34,200	38,200	42,700	39,300
Utilization	%	*70%*	*79%*	*77%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*
Revenue	USD (000s)	1,395	448	1,437	1,527	1,576	1,636	1,678	1,754	1,823	1,880	1,905	2,408	2,978	3,650	3,755
Costs	USD (000s)	486	142	435	454	475	499	519	531	559	585	601	735	889	1,079	1,110
EBITDA	**USD (000s)**	**909**	**306**	**1,001**	**1,073**	**1,100**	**1,137**	**1,159**	**1,223**	**1,264**	**1,294**	**1,303**	**1,673**	**2,089**	**2,571**	**2,645**
EBITDA Margin	***% of Rev***	***65%***	***68%***	***70%***	***70%***	***70%***	***70%***	***69%***	***70%***	***69%***	***69%***	***68%***	***69%***	***70%***	***70%***	***70%***
Unit Rev/Ticket	USD / ticket	55	55	60	60	60	60	60	63	63	63	63	70	78	85	96
Unit Cost/Ticket	USD / ticket	19	18	18	18	18	18	19	19	19	20	20	21	23	25	28
Unit EBITDA/Ticket	**USD / ticket**	**36**	**38**	**42**	**42**	**42**	**42**	**42**	**44**	**44**	**43**	**43**	**49**	**55**	**60**	**67**
YoY Growth Rates																
Volume	%				*6.3%*	*3.2%*	*3.8%*	*2.6%*	*0.4%*	*3.9%*	*3.1%*	*1.3%*	*2.4%*	*1.9%*	*2.2%*	*-15.1%*
Revenue	%				*6.3%*	*3.2%*	*3.8%*	*2.6%*	*4.5%*	*3.9%*	*3.1%*	*1.3%*	*2.4%*	*1.9%*	*2.2%*	*-15.1%*
Costs	%				*4.4%*	*4.6%*	*4.9%*	*4.0%*	*2.4%*	*5.2%*	*4.7%*	*2.8%*	*4.1%*	*3.6%*	*3.7%*	*-11.3%*
EBITDA	%				*7.1%*	*2.6%*	*3.3%*	*1.9%*	*5.5%*	*3.4%*	*2.4%*	*0.7%*	*1.7%*	*1.2%*	*1.5%*	*-16.6%*

5.5 Aggregation of BHITA activities

On an aggregated basis, Mercator expects Authority revenue to grow to about $13.2 million by 2025, $16.0 million in 2030 and $23.1 million by 2040. Simultaneously, Mercator forecasts costs to grow from about $6.6 million in 2022, to about $10.75 million by 2040. Combining the revenue and cost forecasts, EBITDA is expected to grow from $5.6 million in 2022 to about $7.0 million in 2030 approximately $12.3 million by 2040, a CAGR of about 4.5 percent. Table 18 summarizes Mercator's cash flow forecast for the consolidated BHITA activities (as above, after 2030, the annual figures are presented at five-year intervals).

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Table 18: Financial summary on a consolidated basis – Median Growth Case

		14 mo to Jan	4 mo to Jun	Fiscal Years Ending June 30:												
Consolidated BHITA	*UOM*	**CY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2035**	**FY 2040**	**FY 2045**	**FY 2050**
Ferry Tickets	*Passengers*	323,400	128,300	347,800	356,700	366,500	375,400	383,600	389,100	395,600	404,700	412,200	451,300	494,100	537,800	537,800
Barge Traffic	*Barge Tickets*	25,200	8,100	23,800	25,300	26,100	27,100	27,800	27,900	29,000	29,900	30,300	34,200	38,200	42,700	39,300
Parking Volume	*Vehicle Days*	406,557	161,290	437,231	448,420	460,740	471,928	482,237	489,151	497,322	508,762	518,191	567,345	621,150	676,087	676,087
Ferry Capacity	*R-T Passengers*	625,000	180,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000	535,000
Revenue- Ferry, Barge, Pa	*USD (000s)*	9,795	3,897	12,216	12,564	12,905	13,235	13,530	14,575	14,861	15,218	16,002	19,063	23,260	28,326	30,192
Costs	*USD (000s)*	7,749	2,664	6,579	6,922	7,129	7,339	7,546	7,735	7,950	8,183	8,402	9,609	11,004	12,604	13,832
EBITDA - BHITA	*USD (000s)*	2,046	1,233	5,637	5,642	5,776	5,895	5,983	6,840	6,912	7,035	7,600	9,453	12,256	15,722	16,360
EBITDA Margin	*% of Rev*	*20.9%*	*31.6%*	*46.1%*	*44.9%*	*44.8%*	*44.5%*	*44.2%*	*46.9%*	*46.5%*	*46.2%*	*47.5%*	*49.6%*	*52.7%*	*55.5%*	*54.2%*
Unit Rev	*USD/Ferry Tkt*	30.29	30.38	35.12	35.22	35.21	35.25	35.27	37.46	37.57	37.60	38.82	42.24	47.07	52.67	56.14
Unit Costs	*USD/Ferry Tkt*	23.96	20.77	18.92	19.41	19.45	19.55	19.67	19.88	20.10	20.22	20.38	21.29	22.27	23.44	25.72
Unit EBITDA	*USD/Ferry Tkt*	6.33	9.61	16.21	15.82	15.76	15.70	15.60	17.58	17.47	17.38	18.44	20.95	24.80	29.23	30.42
YoY Growth Rates																
BHITA Revenue	*%*				*2.9%*	*2.7%*	*2.6%*	*2.2%*	*7.7%*	*2.0%*	*2.4%*	*5.1%*	*1.9%*	*1.9%*	*5.1%*	*-2.1%*
BHITA Costs	*%*				*5.2%*	*3.0%*	*2.9%*	*2.8%*	*2.5%*	*2.8%*	*2.9%*	*2.7%*	*2.7%*	*2.8%*	*2.6%*	*0.8%*
BHITA EBITDA	*%*				*0.1%*	*2.4%*	*2.1%*	*1.5%*	*14.3%*	*1.1%*	*1.8%*	*8.0%*	*1.1%*	*1.1%*	*7.3%*	*-4.4%*
Cash Flow Summary - BHITA Overall																
EBITDA (Cash Flow from C	*USD (000s)*	2,046	1,233	5,637	5,642	5,776	5,895	5,983	6,840	6,912	7,035	7,600	9,453	12,256	15,722	16,360
Less CapEx - for Vsl Replc	*USD (000s)*		-	-	(2,435)	(2,153)	-	-	-	-	-	-	-	-	-	-
Less CapEx - other than-Vsl Replcmnt			(188)	(1,088)	(384)	(665)	(593)	(1,112)	(1,294)	(1,220)	(1,568)	(1,492)	(790)	(2,280)	(1,038)	(806)
Cash Flow - Net of CapEx	*USD (000s)*		**1,045**	**4,549**	**2,823**	**2,958**	**5,302**	**4,871**	**5,546**	**5,691**	**5,468**	**6,107**	**8,663**	**9,976**	**14,684**	**15,554**
Capex By Line of Business													**'31-'35**	**'36-'40**	**'41-'45**	**'46-'50**
Ferry&Tram			132	569	2,645	2,640	412	407	1,105	1,028	998	441	7,273	1,932	2,745	9,268
Parking			47	492	147	150	153	356	159	163	360	715	1,188	3,464	1,094	1,208
Tug&Freight Barge			9	27	27	28	28	349	29	30	210	336	165	572	201	697
Total CapEx			188	1,088	2,819	2,818	593	1,112	1,294	1,220	1,568	1,492	8,626	5,968	4,040	11,173

5.5 Alternate growth scenarios and housing construction stress cases

Model outputs for each of the 5 scenarios analyzed are provided in the appendix. The table below provides a summary of the BHITA EBITDA that is forecast for each scenario.

Figure 23 - Recap and comparison of EBITDA forecasts under each growth scenario

EBITDA Forecasts - Recap and Comparison of Scenarios	**FY 2021** 4mo to Jun	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2035**	**FY 2040**	**FY 2045**	**FY 2050**
Median Scenario	1,233	5,637	5,642	5,776	5,895	5,983	6,840	6,912	7,035	7,600	9,453	12,256	15,722	16,360
Low Scenario	1,233	4,993	4,510	4,560	4,553	4,524	5,164	5,099	5,086	5,421	6,257	7,712	9,399	10,680
High Scenario	1,233	5,881	6,019	6,242	6,400	6,567	7,579	7,704	7,905	8,579	11,096	14,159	15,601	16,425
Median **with Housing Recession**	1,233	5,032	4,397	4,283	4,224	4,839	6,013	6,048	6,167	6,675	8,401	11,007	14,288	16,492
Low **with Housing Recession**	1,233	4,993	4,365	4,270	4,202	4,258	4,938	4,869	4,866	5,196	6,007	7,429	9,082	10,179
EBITDA CHANGE vs Median Scenario														
Low Scenario	0	-643	-1,132	-1,216	-1,343	-1,459	-1,676	-1,813	-1,950	-2,179	-3,196	-4,544	-6,323	-5,679
High Scenario	0	244	377	467	505	584	739	792	870	979	1,642	1,904	-122	65
Median **with Housing Recession**	0	-604	-1,245	-1,492	-1,671	-1,145	-827	-863	-868	-924	-1,053	-1,249	-1,434	132
Low **with Housing Recession**	0	-643	-1,277	-1,505	-1,694	-1,725	-1,901	-2,042	-2,170	-2,404	-3,447	-4,827	-6,640	-6,181

A few comments on these results:

The "Median Growth" scenario produces a little more than $5 million EBITDA per year, starting in FY 2022, and reaching more than $7 million by 2030.

The "High Growth" scenario produces about $300-500k of additional EBITDA (compared to the Median scenario) during each of the first five years, with the gap increasing to more than $1 million per year of additional EBITDA after 2030.

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The "Low Growth" scenario EBITDA shortfall versus the Median case increases from about $550k in FY 2022 to about $2 million per year by 2030, but Low Growth EBITDA is in each year at least $4.5 million.

The "Median with Housing Recession" scenario initially produces somewhat lower EBITDA than the "Low Growth" scenario, but then moves higher due to a return to normal housing construction .

The "Low Growth with a Housing Recession" scenario is not significantly lower than the low growth case without a recession, given that the low growth case itself already includes very modest rates of new home construction.

6. Conclusions

Between 2021 and 2025, and with the exception of the year in which a new ferry is being purchased, the BHITA operation is expected to have cash flows available for debt service that exceed $5 million, increasing due to volume growth and rate adjustments to exceed $7 million by 2030.

In the Mercator low growth scenario, EBITDA grows more slowly, and by 2025 is about $1.3 million less than in the Median scenario, but in each full year would exceed $4.5 million. In each of the "housing recession" scenarios, slower development reduces near-term EBITDA to about $4.2 million at the low point in 2024. With Median growth after the downturn, EBITDA rises to $6 million by 2028, while in the low growth scenario, the $6 million EBITDA level is reached in 2033.

The system as conceived, equipped and operated should have adequate capacity to meet the traffic demand for approximately the next 25 years, at which point in time the cash flows would exceed $15 million per year.

Our inspections in 2017, and more recent inspections by Ausenco, Moffat & Nichol and KOPCO indicate that the ferry, freight barge and parking assets are in good condition, reflective of good maintenance and operating practices.

The Marine Maintenance department is competent and efficiently carries out the M&R to run the ferry, tug and freight barge operations safely and on schedule. *Adventure* is in good condition and likely has another 13 to 17 years of remaining service life. Both *Patriot* and *Ranger* are fairly new with very long remaining service lives that extend to the very end of or beyond our 30 year analysis period. Although *Sans Souci*, the oldest vessel in the fleet, is showing signs of age, the vessel remains a favorite of the fleet operators and with continued proper M&R and dry-docking cycles has an estimated three to five years, or more, of remaining life. Although we have assumed capital costs will be incurred for replacement in 2023, it is possible that the planned replacement in 2023 could in fact be postponed.

Parking at Deep Point Marina Terminal need not be a constraint for growth of the system. The Utilization rates are generally less than 40 percent throughout the year, except for the General parking lot during the peak of the season. The current 1,955 parking stalls and additional "informal" spots provide enough capacity to support annual parking volume of about 460,000 vehicle-days. If all land areas that are to be included in the transaction are developed, the number of parking stalls could be increased from 1,955 to 2,625, a 32 percent increase in stall count and capacity from current levels. Moreover, additional land could be acquired along the south/west boundary of the site, providing a further 16 percent increase in

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parking, for a total of 3,050 stalls, which would meet the capacity requirement that is foreseen through the end of our 30-year analysis period.

The assessment of the tug and freight barge operation revealed no major physical deficiencies, deferred M&R, or immediate short-term needs for repair or upgrade. The *Brandon Randall* freight barge has 10 or more years of service life remaining. The cross-dock facility (which will be leased to a 3rd party operator or cooperative) is in good condition with remaining service life in excess of 30 years. There is substantial capacity available to satisfy growth in freight traffic. Increasing tug and freight barge sailing frequency during peak season can provide at least 10 additional sailings per week, a 50 percent increase in peak capacity. Subject to agreement with the Village of Bald Head Island, sailings could also be added on Saturdays if needed.

Overall, the ferry and on-island tram, parking, and tug and freight barge assets to be acquired by BHITA are in good condition, and with continued good management, maintenance and capital additions as outlined in this report, can be expected to satisfy the expected demand growth over the 30 year analysis period.

It is reasonable to expect that Bald Head Island will continue to be attractive to residents, day visitors and vacationers, which will continue to spur economic activity and property development. The demonstrated attractiveness of the island and the renewed focus on vacations spent close to home should ensure the continued growth in demand for the ferry and freight barge transportation and related parking services that are to be provided by the BHITA.

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Appendix A

Climate change, sea-level rise and severe weather

Impacts on BHI development and the future operation of BHITA

Being a coastal community, some thought and analysis should be given to potential impacts on new home construction and development on Bald Head Island of climate change on rising sea levels and hurricane frequency and intensity. The North Carolina Coastal Resources Commission Science Panel prepared a report in 2015 that assesses and projects the local sea level impacts of increases in the global sea level under three scenarios. First, they evaluate the historical trend in sea level increases at five stations along the North Carolina coast, and extrapolate forward to create a projection that basically assumes that the historical trend simply carries forward through the 30-year forecast period. The second and third scenarios are built on the climate modeling work of the Intergovernmental Panel on Climate Change (IPCC), which projects the extent that global sea level will rise under a variety of carbon emissions scenarios.

For a variety of geological and hydrological reasons, relative sea level increases are expected to vary across the North Carolina coast, and these local characteristics are used to adjust each of the three sea level scenarios described above. In all cases, the lowest sea level increases are expected to be experienced in the geologic region called the Carolina Platform, because unlike other regions to the North that are experiencing subsidence, the Carolina Platform is experiencing some geographic uplift that will partially counteract the rising sea levels. Both the Wilmington weather station and the Southport weather station, which is located about one mile southwest from the Deep Point Marina, are part of the Carolina Platform, and these two stations are forecasted to experience the lowest rates of sea level rise under all three scenarios.

As can be seen in the graphic below, which was taken from the *North Carolina Sea Level Rise Assessment Report (2015)*, the mean projected relative sea level rise between 2015 and 2045 would be just 2.4 inches at the stations closes to Bald Head Island if historic trends persist into the future. Under the IPCC's low carbon emissions scenario (RCP 2.6) the expected rise would be 5.9 inches, and under the IPCC's high carbon emissions scenario, the expected rise in the relative sea level would be 6.9 inches. Increases of this magnitude alone are not sufficient to cause any flooding, but it is theoretically possible that a hurricane-induced tidal surge could be magnified enough by higher sea levels to cause additional damage.

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Table 19: Three Projections of Sea Level Rise (source: North Carolina Sea Level Rise Assessment Report)

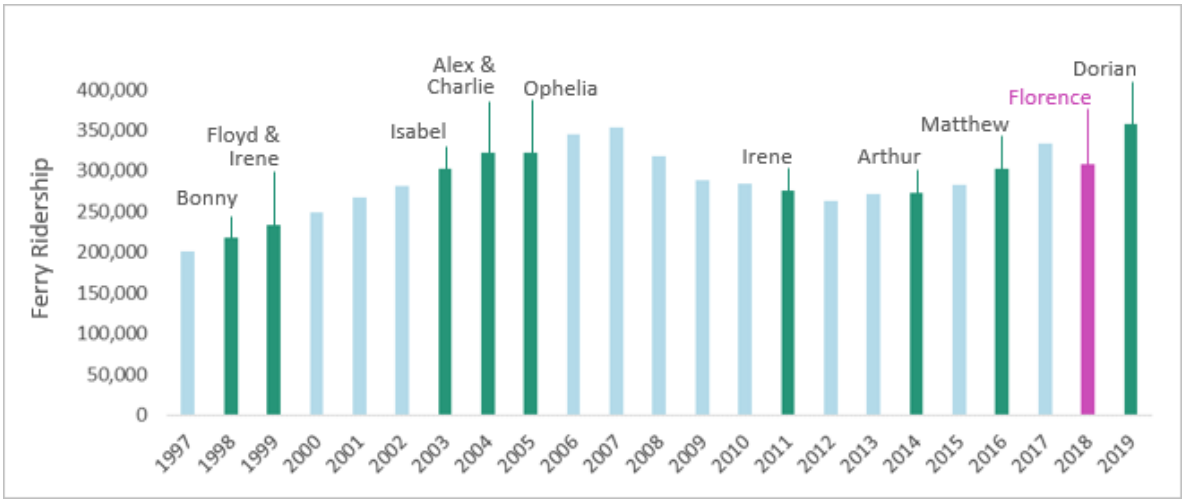
Table ES1. Three relative sea level rise (RSLR) scenarios by 2045 using published tide gauge rates (NOAA 2014a), and IPCC scenario projections RCP 2.6 and RCP 8.5 (Church et al. 2013) representing the lowest and highest greenhouse gas emission scenarios, combined with local vertical land movement (VLM) at each tide gauge.*

Station	Tide Gauge Projections		IPCC RCP 2.6 + VLM		IPCC RCP 8.5 + VLM	
	RSLR in 30 years (inches)		RSLR in 30 years (inches)		RSLR in 30 years (inches)	
	Mean	Range	Mean	Range	Mean	Range
Duck	5.4	4.4-6.4	7.1	4.8-9.4	8.1	5.5-10.6
Oregon Inlet	4.3	2.7-5.9	6.3	3.9-8.7	7.3	4.7-9.9
Beaufort	3.2	2.8-3.6	6.5	4.2-8.7	7.5	5.0-10.0
Wilmington	2.4	2.0-2.8	5.8	3.5-8.0	6.8	4.3-9.3
Southport	2.4	1.9-2.8	5.9	3.7-8.2	6.9	4.4-9.4

*Note: Projections were rounded to the nearest tenth of an inch.

Since 1997, a dozen hurricanes have landed on the North Carolina coast. The chart below demonstrates that with the clear exception of Hurricane Florence (2018) and the possible exception of Hurricane Ophelia (2005) which dumped 17.5 inches of rain on neighboring Oak Island, hurricanes have not had an impact on long-term trends in ferry ridership. Hurricane Florence caused the Cape Fear River to crest at 61.4 feet (35 feet above flood stage) in Fayetteville, NC (100 miles inland) and caused a storm surge that flooded much of Bald Head Island and caused significant beach erosion, which has subsequently been replenished using FEMA and state funds. Even with the extensive impacts from Hurricane Florence, ferry traffic quickly rebounded and there was no concomitant dip in new building permits in the following year (2019).

Figure 24: BHI Ferry Ridership and Hurricanes, 1997-2019



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There is, of course, a possibility that another hurricane of a greater magnitude than Hurricane Florence could have a more lasting impact on ferry traffic, and potentially bring down the long-term growth in home construction, but a sea level rise measured in inches will not have much impact on storm surges and river flooding that is measured in dozens of feet.

Regarding the frequency and intensity of Atlantic hurricanes, the National Oceanic and Atmospheric Administration's (NOAA) research concludes that "the historical Atlantic hurricane frequency record does not provide compelling evidence for a substantial greenhouse warming-induced long-term increase [in Atlantic hurricane frequency]," and they also project "that the lifetime maximum intensity of Atlantic hurricanes will increase by about 5% during the 21st century."[29]

Mercator understands that the BHIL facility at Deep Point is used by government agencies such as the USCG as a secure command and control center during severe weather emergencies on the Cape Fear River due to its ability to continue operating under severe conditions. This reliance upon the facility during severe weather suggests that the infrastructure is well positioned to withstand changes in the environment described above.

Mercator concludes that the historical data show ferry ridership and new home construction demonstrate a great resilience to hurricanes. NOAA's research indicates that it is unlikely that climate change will cause the frequency of hurricanes to increase, and the intensity is expected to increase only slightly. For these reasons, climate change and rising sea levels are not expected to have a meaningful impact on long-term growth rates in new home construction, nor will they have a lasting impact on ferry ridership and barge demand, or the operation of the ferry and barge systems of BHITA,

[29] Source: https://www.gfdl.noaa.gov/global-warming-and-hurricanes/ (extracted on 7/24/2020)

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Exhibit JAW-10

Responses to Village First Data Requests to Limited and BHIT

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

Docket No. A-41, Sub 21

VILLAGE OF BALD HEAD ISLAND, Complainant, v. BALD HEAD ISLAND TRANSPORTATION, INC. and BALD HEAD ISLAND LIMITED, LLC, Respondents.	)	**RESPONSES TO COMPLAINANT'S FIRST DATA REQUESTS**

Bald Head Island Transportation, Inc. ("BHIT") and Bald Head Island Limited, LLC ("BHIL) (collectively, "Respondents"), by and through legal counsel, hereby respond to Complainant's First Data Requests as follows:

General Statement

In responding to these requests, Respondents have made reasonable efforts to research documents and data regarding the subject matter of the proceeding. These responses are based upon information presently available to Respondents and their attorneys, and specifically known to the individuals who are preparing these responses. It is possible that future discovery and independent investigation may supply additional facts or information, add meaning to known facts, and may establish entirely new factual conclusions and contentions, all of which may lead to substantial additions to, changes in, and variations from the responses set forth herein.

These responses are made without prejudice to Respondents' rights to provide additional evidence at the time of any proceeding before the Commission. Respondents

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reserve the right to supplement or correct these responses. Respondents also reserve the right to object to future discovery on the same or related matters and do not waive any objection by providing the information in these responses. Finally, Respondents reserve the right to object to the admissibility of any of these responses, in whole or in part, at any further proceeding of this matter, on any grounds, including but not limited to timeliness, materiality, relevance, and privilege.

Objections

1. Respondents object to the Data Requests to the extent they are vague, ambiguous, and/or incapable of reasonable ascertainment.

2. Respondents object to the Data Requests to the extent they seek information, documents and/or things protected from disclosure by the attorney-client privilege, the work-product doctrine, consulting expert privilege, and/or the common-interest privilege. Inadvertent disclosure of any such information, documents and/or things shall not operate as a waiver of any applicable privilege or immunity.

3. Respondents object to the Data Requests to the extent they seek discovery of documents available by means that are less burdensome, less expensive, or more appropriate.

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DATA REQUESTS

General Requests

1. **Provide copies of all data requests served on BHIT and Limited by any party or intervenor in Docket No. A-41, Sub 21, including, but not limited to, any requests served by the Public Staff – North Carolina Utilities Commission, together with all responses to the same.**

RESPONSE: Without waiving any of their objections, Respondents state that they have received no data requests in this action other than those served by Complainant.

5. **Provide any financial analyses or presentations you possess—whether generated by Limited, SharpVue Capital, LLC, the Bald Head Island Transportation Authority ("BHITA"), or any other entity—concerning the anticipated value of or future cash flow from the Deep Point parking lot or the barge.**

RESPONSE: Respondents object to this request as not reasonably calculated to lead to the discovery of admissible evidence in this docket. The proceeding as framed by Complainant's Complaint asks for the Commission's focus on "the regulatory nature of the parking and barge assets" and whether the barge operations should be regulated as a "common carrier." The forward-looking financial analyses requested do not bear on the Commission's consideration of the issues raised in the docket. Respondents further object that the capacity of these non-regulated activities to generate future revenue is not related to whether the Commission should expand its jurisdiction to regulate their operations.

Without waiving any of their objections, Respondents state that information responsive to this request is contained in (i) the reports prepared by Mercator International LLC, an international transportation consultant retained by BHIL, and separately by BHITA, in support of due diligence efforts, (ii) ratings information

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developed by Standard & Poors that was included in the BHITA's financial projections, (iii) Bald Head Island Transportation Authority ("BHITA") Credit Presentation and Public Hearing materials, (iv) an initial valuation and investment analysis prepared by SharpVue Capital, LLC, and (v) solicitation materials related to BHIL's potential sale of assets. The Mercator reports are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000390 – BHIL/IT 000531. Within that range, the document identified by Bates Nos. BHIL/IT 000390 - BHIL/IT 000466 is designated as CONFIDENTIAL under the parties' Confidentiality Agreement. The S&P's ratings summaries are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000532 – BHIL/IT 000543. The BHITA credit presentation and hearing materials are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000544 – BHIL/IT 000641. The SharpVue valuation and analysis materials are produced contemporaneously to these responses, bear Bates Nos. BHIL/IT 000799 – BHIL/IT 000836, and are designated as CONFIDENTIAL-ATTORNEYS' EYES ONLY under the parties' Confidentiality Agreement. The solicitation materials are produced contemporaneously to these responses, bear Bates Nos. BHIL/IT 000723 – BHIL/IT 000798, and are designated as CONFIDENTIAL-ATTORNEYS' EYES ONLY under the parties' Confidentiality Agreement.

6. Provide any agreements between Limited and BHIT related to the Deep Point parking lot or the barge, including any management agreements or employee lease agreements.

RESPONSE: Without waiving any of their objections, Respondents state that there are no such agreements.

7. Provide monthly ferry ridership totals from 2012 to present.

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RESPONSE: Respondents object to this request as not reasonably calculated to lead to the discovery of admissible evidence in this docket. The proceeding as framed by Complainant's Complaint asks for the Commission's focus on "the regulatory nature of the parking and barge assets" and whether the barge operations should be regulated as a "common carrier." The statistical information requested regarding ferry operations does not bear on the Commission's consideration of the issues raised in the docket. Without waiving any of their objections, Respondents state that information responsive to this request is prepared and made public in the regular course of BHIT's conduct of its regulated activities. Pursuant to Commission order, BHIT files quarterly financial reports that contain extensive financial data that includes ridership information. Those public filings are maintained on the Commission's website, have previously been produced to Complainant, and bear the Bates Nos. BHIL/IT 000001 – BHIL/IT 000321.

8. As of today, how may lots on Bald Head Island remained undeveloped?

RESPONSE: Without waiving any of their objections, Respondents state upon information and belief that there are approximately 450 undeveloped residential lots on the island. Moreover, there are approximately 10,000 acres of beaches, salt marsh, and maritime forest on the island that will remain undeveloped in perpetuity.

9. Provide a forecast of future passenger growth for the ferry. Include a description/analysis of the anticipated causes for the future passenger growth.

RESPONSE: Respondents object to this request as not reasonably calculated to lead to the discovery of admissible evidence in this docket. The proceeding as framed by Complainant's Complaint asks for the Commission's focus on "the regulatory nature of the parking and barge assets" and whether the barge operations should be regulated as a

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"common carrier." The statistical information requested regarding ferry operations does not bear on the Commission's consideration of the issues raised in the docket. Without waiving any of their objections, Respondents state that information responsive to this request is contained in (i) the reports prepared by Mercator International LLC, an international transportation consultant retained by BHIL, and separately by BHITA, in support of due diligence efforts, (ii) ratings information developed by Standard & Poors that was included in the BHITA's financial projections, (iii) BHITA Credit Presentation and Public Hearing materials, (iv) an initial valuation and investment analysis prepared by SharpVue Capital, LLC, and (v) solicitation materials related to BHIL's potential sale of assets. The Mercator reports are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000390 – BHIL/IT 000531. Within that range, the document identified by Bates Nos. BHIL/IT 000390 - BHIL/IT 000466 is designated as CONFIDENTIAL under the parties' Confidentiality Agreement. The S&P's ratings summaries are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000532 – BHIL/IT 000543. The BHITA credit presentation and hearing materials are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000544 – BHIL/IT 000641. The SharpVue valuation and analysis materials are produced contemporaneously to these responses, bear Bates Nos. BHIL/IT 000799 – BHIL/IT 000836, and are designated as CONFIDENTIAL-ATTORNEYS' EYES ONLY under the parties' Confidentiality Agreement. The solicitation materials are produced contemporaneously to these responses, bear Bates Nos. BHIL/IT 000723 – BHIL/IT 000798, and are designated as CONFIDENTIAL-ATTORNEYS' EYES ONLY under the parties' Confidentiality Agreement.

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10. Provide any complaints received in the last five years by ferry passengers or the public regarding the rates charged or service provided by Limited for the Deep Point parking lot or the barge.

RESPONSE: Without waiving any of their objections, Respondents state that they are conducting a full search of relevant files to identify complaints lodged by ferry passengers or members of the public regarding the rates charged or service provided by the Deep Point parking facility or the barge. Such complaints, if any, are addressed individually but not stored in a single location; thus, departmental searches within BHIT and BHIL are necessary to identify responsive information or documents. Respondents hope to conclude that investigation by July 14 and will promptly produce relevant documents identified.

Requests Related to the Deep Point Parking Lot

11. Provide any financial statements regarding the Deep Point parking lot from 2012 to present.

RESPONSE: Respondents object to the request as overly broad and not reasonably calculated to lead to the discovery of admissible evidence because the historical, financial performance of BHIL's mainland parking facility in Southport, North Carolina is unrelated to whether or not the Commission should extend its regulatory jurisdiction to regulate this business activity. Without waiver of any of their objections, Respondents previously have produced the year-end, audited Statements of Revenues and Direct Expenses for BHIL's Parking Department for the years 2014 to 2021. Those documents bear the Bates Nos. BHIL/IT 000322 - 000356 and are designated as CONFIDENTIAL under the parties' Confidentiality Agreement. Moreover, concurrently with these written responses, Respondents are producing additional income statements related to the Parking Department for the years 2013 through 2021. Those documents bear the Bates

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Nos. BHIL/IT 000642 – BHIL/IT 000675 and are designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

12. Regarding the Deep Point parking lot, please provide:

a. The number of parking spaces in the lot, along with any descriptions of different classes of spaces (and the associated number of spaces per classification).

b. The pricing structure for the various parking space classifications from 2012 to present, including any discounts provided to any customers.

c. Annual parking revenues by classification and operating expense by department from 2012 to present.

d. Detailed information as to the cost basis in land used for the Deep Point parking lot, including original purchase cost information, subsequent sale transactions and net unrecovered cost basis in the said land.

e. A detailed list of improvements to the land used for the Deep Point parking lot, including description of asset, depreciable life, method of depreciation, most recent book asset value (net of depreciation).

f. Anticipated future capital expenditures (e.g., upgrades or expansions) planned for the parking lot.

g. The number of parking spaces that Limited can add to the parking lot based on the current real estate owned by Limited.

h. Any form agreements/contracts with customers for use or reservation of the parking spaces at the Deep Point parking lot.

RESPONSE: Respondents object to the request as overly broad and not reasonably calculated to lead to the discovery of admissible evidence because the historical, financial performance of BHIL's mainland parking facility in Southport, North Carolina is unrelated to whether or not the Commission should extend its regulatory jurisdiction to regulate this business activity. Without waiving any of their objections, Respondents respond as follows:

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a. Respondents state that information responsive to this request is contained in concurrently produced documents bearing Bates Nos. Bates Nos. BHIL/IT 000720 and designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

b. Respondents state that information responsive to this request is contained in concurrently produced documents bearing Bates Nos. Bates Nos. BHIL/IT 000676 and BHIL/IT 000719, each designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

c. Respondents state that information responsive to this request is contained in concurrently produced documents bearing Bates Nos. BHIL/IT 000642 – BHIL/IT 000675 and designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

d. Respondents state that information responsive to this request is contained in concurrently produced documents bearing Bates Nos. Bates No. BHIL/IT 000684 and designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

e. Respondents state that information responsive to this request is contained in concurrently produced documents bearing Bates Nos. Bates Nos. BHIL/IT 000682 – BHIL/IT 000683 and designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

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f. Without waiving any of their objections, Respondents state that information responsive to this request is contained in the reports prepared by Mercator International LLC, an international transportation consultant retained by BHIL, and separately by BHITA, in support of due diligence efforts. The Mercator reports are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000390 – BHIL/IT 000531. Within that range, the document identified by Bates Nos. BHIL/IT 000390 - BHIL/IT 000466 is designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

g. Without waiving any of their objections, Respondents state that information responsive to this request is contained in the reports prepared by Mercator International LLC, an international transportation consultant retained by BHIL, and separately by BHITA, in support of due diligence efforts. The Mercator reports are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000390 – BHIL/IT 000531. Within that range, the document identified by Bates Nos. BHIL/IT 000390 - BHIL/IT 000466 is designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

h. Respondents state that information responsive to this request is contained in concurrently produced documents bearing Bates Nos. Bates Nos. BHIL/IT 000676 and BHIL/IT 000721 – BHIL/IT 000722.

13. Identify the employees at Limited and BHIT who are responsible for managing the parking operations at the Deep Point parking lot and provide (a) a description of the employee's responsibilities related to the parking lot and (b) whether the employee is employed by Limited or BHIT.

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RESPONSE: Without waiving any of their objections, Respondents state that the following BHIL officers and employees have management responsibility over the Deep Point parking lot: Chad Paul, chief executive officer; Diane Raker, parking supervisor; Cheryl Napier, support services supervisor; and Dann DeVries, data base administrator. Respondents further state that Bion Stewart, BHIT's chief operating officer, and Charlie Wilson, BHIT's assistant transportation manager, have management responsibilities related to the intersection of BHIT's regulated transportation assets with Deep Point parking to ensure they function cooperatively to provide seamless experiences for users.

14. **Identify any nearby property that Limited has identified as being suitable for expanding the existing Deep Point parking lot or building an alternative parking lot. Provide any communications or analysis related to the assessment of such property.**

RESPONSE: Without waiving any of their objections, Respondents state that BHIL has not engaged in an analysis to identify parcels suitable for expansion of the existing Deep Point parking facility in Southport or that might be used by another party to construct and operate "an alternative parking lot." Respondents further state that Exhibit 1 to Complainants' Complaint, labeled "Deep Point Ferry Terminal & Parking Lot Satellite Images," provides information about nearby properties that a competing parking operator might well investigate as potential parking facility sites. Moreover, as in the manner of parking operations that exist around airports across the country and run shuttle services that compete with parking lots on or adjacent to airport properties, similar steps could be taken in Southport to establish parking operations to compete with BHIL's Deep Point facility. Respondents note that an undeveloped 106-acre parcel at the corner of Moore St. and Ferry Road, approximately 90 feet from the entrance to the Deep Point parking facility, has recently gone under contract but has been available for purchase for many

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years, and could have been employed for such a purpose if a competing provider of parking wished to enter the market. Indeed, the MLS listing (concurrently produced as BHIL/IT 000679-681) for that parcel describes that it "leads to the Bald Head Island Ferry and the Fort Fisher Ferry [and] gives this land the undivided attention of visitors coming and going to Historic Southport."

15. Identity and describe any alternative options a ferry passenger has to parking in the Deep Point parking lot including any analysis, whether formal or informal, of such alternative options. If there are any alternatives, provide any known instance in which a ferry passenger has exercised this alternative.

RESPONSE: Without waiving any of their objections, Respondents state that BHIL has not engaged in an analysis to identify "alternative" parking options to its Deep Point facility. Respondents further state that BHIL still controls four parking lots that are a part of the Indigo Plantation development from which the ferry previously operated, that are approximately four miles west of the the Deep Point facility and that could be used for additional parking via shuttle if the need arose.

16. Provide any analysis, whether formal or informal, of the utilization/vacancy rates of the parking spaces in the Deep Point parking lot.

RESPONSE: Without waiving any of their objections, Respondents state that information responsive to this request is contained in the reports prepared by Mercator International LLC, an international transportation consultant that prepared reports for BHIL and BHITA related to due diligence efforts. The Mercator reports are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000390 – BHIL/IT 000531. Within that range, the document identified by Bates Nos. BHIL/IT 000390 -

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BHIL/IT 000466 is designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

Requests Related to the Barge

17. Regarding the barge, please provide:

a. A description of the capacity/space available on the barge.

b. A description of the reservation process for securing space on the barge.

c. The rates associated with the barge.

d. Any marketing materials (whether online or printed) regarding the barge.

e. Any logs showing persons/entities using barge, purpose of use, type of vehicle, and/or items conveyed.

f. **Anticipated future capital expenditures (e.g., upgrades) planned for the barge and associated tugboat.**

RESPONSE: Respondents object to the request as overly broad and not reasonably calculated to lead to the discovery of admissible evidence because the historical, financial performance of BHIL's barge and tug system is unrelated to whether or not the Commission should extend its regulatory jurisdiction to regulate this business activity. Without waiving any of their objections, Respondents respond as follows:

a. Respondents state that information responsive to this request is contained in concurrently produced documents bearing Bates Nos. Bates No. BHIL/IT 000677 and BHIL/IT 000970, each designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

b. Respondents state that information responsive to this request can be found at https://bhibarge.com/reservations.

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c. Respondents state that information responsive to this request can be found at https://bhibarge.com/rates.

d. Respondents state that information responsive to this request can be found at https://bhibarge.com/default.

e. Respondents state that information responsive to this request is contained in a concurrently produced document bearing Bates Nos. Bates Nos. BHIL/IT 000677, designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

f. Respondents state that information responsive to this request is contained in the reports prepared by Mercator International LLC, an international transportation consultant retained by BHIL, and separately by BHITA, in support of due diligence efforts. The Mercator reports are produced contemporaneously to these responses and bear Bates Nos. BHIL/IT 000390 – BHIL/IT 000531. Within that range, the document identified by Bates Nos. BHIL/IT 000390 - BHIL/IT 000466 is designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

18. Identify any transportation services available to the public that compete with the barge, including a description of each. In your answer, identify any alternatives to the barge for transporting large household goods (e.g., furniture) to Bald Head Island.

RESPONSE: Without waiving any of their objections, Respondents state that the barge and tug system which BHIL operates between the mainland and the island is the only vehicle freight transportation system servicing that route.

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19. Do you admit that Limited advertises the barge as a service that will transport furniture to and from Bald Head Island for residents of the island?

RESPONSE: Without waiving any of its objections, Respondents deny the requested admission and state that BHIL's barge and tug operation holds itself out to the public as a vehicle freight transportation business that rents space on the barge on a $60 per six-foot length basis for vehicles. BHIL does not take, or require submission of, inventories of items contained in such vehicles. Vehicle owners must make representations regarding hazardous materials as a condition of reserving and using space on the barge for the transit of their vehicles.

20. Do you admit that the barge has transported furniture to and from Bald Head Island for residents of the island?

RESPONSE: Without waiving any of its objections, Respondents deny the requested admission and state that BHIL's barge and tug operation holds itself out to the public as a vehicle freight transportation business that rents space on the barge on a $60 per six-foot length basis for vehicles. BHIL does not take, or require submission of, inventories of items contained in such vehicles. However, it is true that individuals or businesses who wish to transport furniture, materials, equipment or supplies to the island can do so as cargo in a vehicle that qualifies to rent space on the barge. Vehicle owners must make representations regarding hazardous materials as a condition of reserving and using space on the barge for the transit of their vehicles. BHIL does not inspect the contents of vehicles upon reaching the island, nor does it utilize any of its personnel to unload or deliver any contents of such vehicles.

21. Do you admit that the barge will, in the future, transport furniture to and from Bald Head Island for residents of the island?

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RESPONSE: Without waiving any of its objections, Respondents state that BHIL's barge and tug operation holds itself out to the public as a vehicle freight transportation business that rents space on the barge on a $60 per six-foot length basis for vehicles. BHIL does not take, or require submission of, inventories of items contained in such vehicles. However, it is true that individuals or businesses who wish to transport furniture, materials, equipment or supplies to the island can do so as cargo in a vehicle that qualifies to rent space on the barge. Vehicle owners must make representations regarding hazardous materials as a condition of reserving and using space on the barge for the transit of their vehicles. BHIL does not inspect the contents of vehicles upon reaching the island, nor does it utilize any of its personnel to unload or deliver any contents of such vehicles. Moreover, BHIL states that it intends no change of these practices and procedures in the future.

22. Does the barge transport an packages delivered by a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2) (e.g., UPS, FedEx, etc.)?

a. **If so, describe how the barge transports such deliveries.**

RESPONSE: Without waiving any of their objections, Respondents state that UPS, FedEx and DHL make deliveries to BHIL's mainland shipping & receiving department that are placed on pallets and transported in BHIL trucks to the island. Custody of the packages is transferred to the Village, which serves as a third-party delivery vendor for these package services on the island, at a Village-owned facility.

23. Are there any members of the public who would not be eligible to reserve space on the barge? If so, would disqualify a member from reserving space on the barge?

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RESPONSE: Without waiving any of their objections, Respondents state that BHIL rents space on the barge on a $60 per six-foot length basis for vehicles. BHIL does not take, or require submission of, inventories of items contained in such vehicles. Vehicle owners must make representations regarding hazardous materials as a condition of reserving and using space on the barge for the transit of their vehicles. Moreover, any vehicle that reserves space on the barge must also have either a daily or annual Village-issued Internal Combustion Engine (ICE) permit that is required to use any ICE vehicle on roads maintained by the Village.

24. Has Limited refused to allow a potential customer to use the barge service? If so, on how many occasions and for what reasons?

RESPONSE: Without waiving any of their objections, Respondents state that they are unaware of an instance in which a vehicle owner that pays the appropriate fees, makes the required representations about hazardous materials, and has a valid, Village-issued ICE permit has been denied service on the barge other than for lack of space.

25. Provide any financial statements regarding the barge from 2012 to present.

RESPONSE: Respondents object to the request as overly broad and not reasonably calculated to lead to the discovery of admissible evidence because the historical, financial performance of BHIL's barge and tuboat operation is unrelated to whether or not the Commission should extend its regulatory jurisdiction to regulate this business activity. Without waiver of any of its objections, Respondents previously have produced year-end, audited Statements of Revenues and Direct Expenses for BHIL's Barge Department for the years 2014 to 2021. The responsive documents bear the Bates Nos. BHIL/IT 000357 - 000389 and are designated as CONFIDENTIAL under the parties' Confidentiality

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Agreement. Moreover, concurrently with these written responses, Respondents are producing additional income statements related to the Barge Department for the years 2013 through 2021. Those documents bear the Bates Nos. BHIL/IT 000685 – BHIL/IT 000718 and are designated as CONFIDENTIAL under the parties' Confidentiality Agreement.

This 8th day of July, 2022.

FOX ROTHSCHILD LLP

/s/ Bradley M. Risinger

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N.C. State Bar No. 23629

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N.C. State Bar No. 16844

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Attorneys for Bald Head Island Transportation, Inc. and Bald Head Island Limited, LLC

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **RESPONSES TO COMPLAINANT'S FIRST DATA REQUESTS** has been served this day upon all parties of record in this proceeding, or their legal counsel, by electronic mail or by delivery to the United States Post Office, first-class postage pre-paid.

This the 8th day of July, 2022.

By: /s/ Bradley M. Risinger

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Exhibit JAW-11 Intentionally Omitted

CONFIDENTIAL MATERIALS

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Exhibit JAW-12 Intentionally Omitted

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Exhibit JAW-13

BHIT Quarterly Financial Report of Monthly Information, Docket No. A-41, Sub 7A (Feb. 17, 2022)

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VERIFICATION UNDER OATH REGARDING ACCURACY OF REPORT

(NOTE: THIS VERIFICATION SHALL BE COMPLETED BY EITHER THE CHIEF EXECUTIVE OFFICER, A SENIOR LEVEL FINANCIAL OFFICER, OR THE RESPONSIBLE ACCOUNTING OFFICER)

I, Shirley A. Mayfield, state and attest that the attached Quarterly Financial Report of Monthly Information is filed on behalf of Bald Head Island Transportation, Inc., as required by the North Carolina Utilities Commission; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, no material information or fact has been knowingly omitted or misstated therein, and all of the information contained in said report has been prepared and presented in accordance with all applicable North Carolina General Statutes, Commission Rules, and Commission Orders.

Shirley A. Mayfield

Shirley A. Mayfield
Secretary/Treasurer
Bald Head Island Transportation, Inc.

February 9, 2022
Date

Subscribed and sworn before me this the 9th day of February, 2022

PEGGY H. RUSSELL NOTARY PUBLIC My Commission Expires 03-18-23 BRUNSWICK COUNTY, NC

Peggy H. Russell
Notary Public

My Commission Expires: 03-18-2023

Bald Head Island Transportation, Inc.
Income Statement
For the Quarter Ended Dec 31, 2021

	January	February	March	1st Qtr	April	May	June	2nd Qtr	July	August	September	3rd Qtr	October	November	December	4th Qtr	YTD
Operating Revenues																	
Ferry Tickets	295,054	309,316	503,906	1,108,276	621,167	761,760	837,467	2,220,394	884,066	693,633	606,594	2,184,293	567,490	417,465	366,179	1,351,134	6,864,097
Fuel Surcharge & Amortization	0	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interco Tram	0	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tram	0	-	0	0	2,415	405	0	2,820	0	135	1,460	1,595	560	0	0	560	4,975
Other Miscellaneous	1,128	212	810	2,150	1,474	1,330	1,238	4,042	813	1,330	809	2,952	764	641	540	1,945	11,089
Total Operating Revenues	**296,182**	**309,528**	**504,716**	**1,110,426**	**625,056**	**763,495**	**838,705**	**2,227,256**	**884,879**	**695,098**	**608,863**	**2,188,840**	**568,814**	**418,106**	**366,719**	**1,353,639**	**6,880,161**
Operating Expenses																	
Wages and Benefits	228,087	214,217	226,507	668,811	265,081	249,698	260,015	774,794	319,041	257,107	241,371	817,519	234,157	252,107	259,577	745,841	3,006,965
Insurance	19,236	19,493	25,236	63,965	19,669	19,296	19,236	58,201	16,236	20,225	15,557	52,018	18,415	18,401	38,850	75,666	249,850
General & Administrative	1,652	4,505	7,106	13,263	1,859	3,196	1,977	7,032	12,167	6,515	3,096	21,778	5,485	3,171	2,968	11,624	53,697
Legal & Professional	1,407	1,003	1,199	3,609	8,586	2,292	2,589	13,467	6,169	2,427	4,795	13,391	10,511	2,036	10,142	22,689	53,156
Uniforms	100	172	0	272	0	1,055	0	1,055	9,002	869	1,376	11,247	1,117	2,395	2,035	5,547	18,121
Utilities	2,510	3,600	3,267	9,377	4,123	5,045	3,623	12,791	3,509	3,225	4,196	10,930	3,216	2,809	2,695	8,720	41,818
Deep Point Allocation	26,245	27,158	29,800	83,203	25,583	22,154	26,681	74,418	27,258	30,994	24,957	83,209	24,096	27,019	22,478	73,593	314,423
Safety Equipment	212	252	1,735	2,199	728	570	408	1,706	1,092	1,223	2,403	4,718	449	323	228	1,000	9,623
Baggage Products	196	65	274	535	405	513	577	1,495	567	526	624	1,717	299	359	232	890	4,637
Supplies General	864	589	628	2,081	825	723	861	2,409	2,920	938	2,415	6,273	834	1,760	955	3,549	14,312
Fuel	37,137	35,178	46,171	118,486	49,938	59,301	58,434	167,673	69,267	63,362	58,635	191,264	68,768	59,174	54,988	182,930	660,353
Supplies LP Gas	0	0	88	88	0	45	0	45	45	0	0	45	57	0	0	57	235
Supplies Small Tools	26	165	882	1,073	42	395	332	769	644	781	1,477	2,902	39	167	920	1,126	5,870
R&M Buildings	24	24	24	72	24	24	24	72	48	171	165	384	24	24	202	250	778
R&M Carts & Vehicles	4,273	2,319	9,771	16,363	6,961	2,937	5,545	15,443	20,838	9,521	7,748	38,107	10,037	14,469	14,369	38,875	108,788
R&M Machinery & Equipment	0	0	0	0	1,605	68	62	1,735	3,413	0	(7)	3,406	15	1,232	64	1,311	6,452
R&M Docks & Piers	0	0	0	0	0	134	0	134	0	0	0	0	0	0	0	0	134
Marina Maintenance Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dredging	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R&M Ferries	6,838	8,113	5,680	20,631	22,646	17,638	11,227	51,511	20,584	14,555	8,885	44,024	5,926	12,887	7,810	26,623	142,789
Credit Card	3,928	3,853	6,943	14,724	9,395	11,348	12,860	33,603	13,221	11,179	9,185	33,585	8,621	5,827	4,846	19,294	101,206
Equipment Rental	82	82	754	918	82	82	82	246	82	0	82	164	164	164	82	410	1,738
Taxes Licenses & Permits	14	290	1,447	1,751	26	0	936	962	18,646	479	570	19,695	27	0	0	27	22,435
Signage	850	850	850	2,550	850	850	850	2,550	850	850	1,700	3,400	850	850	850	2,550	11,050
Total Operating Expenses	**333,681**	**321,928**	**368,362**	**1,023,971**	**418,428**	**397,364**	**406,319**	**1,222,111**	**545,599**	**424,947**	**389,230**	**1,359,776**	**393,107**	**405,174**	**424,290**	**1,222,571**	**4,828,429**

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Bald Head Island Transportation, Inc.
Income Statement
For the Quarter Ended Dec 31, 2021

		January	February	March	1st Qtr	April	May	June	2nd Qtr	July	August	September	3rd Qtr	October	November	December	4th Qtr	YTD
Intercompany/Department Trans																		
Management Fees		12,248	12,248	12,248	36,744	12,248	12,248	12,248	36,744	12,248	12,248	12,248	36,744	12,248	12,248	12,248	36,744	146,976
Facility Maintenance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Facilities Lease		104,392	104,392	104,392	313,176	104,392	104,392	104,392	313,176	104,392	104,392	104,392	313,176	104,392	104,392	104,392	313,176	1,252,704
Employee Ferry		5,222	4,704	5,950	15,876	5,516	6,272	6,468	18,256	7,082	6,566	5,740	19,388	5,796	5,110	5,110	16,016	69,536
Other Interco Expense		306	410	81	797	464	1,069	990	2,523	231	300	662	1,193	816	150	58	1,024	5,537
Monthly Parking		4,050	4,050	4,150	12,250	4,200	4,500	4,850	13,550	4,850	4,300	3,950	13,100	4,050	4,050	4,250	12,350	51,250
Vehicle Maintenance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fuel		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Intercompany Expenses		**126,218**	**125,804**	**126,821**	**378,843**	**126,820**	**128,481**	**128,948**	**384,249**	**128,803**	**127,806**	**126,992**	**383,601**	**127,302**	**125,950**	**126,058**	**379,310**	**1,526,003**
Total Operating & Interco Exp		**459,899**	**447,732**	**495,183**	**1,402,814**	**545,248**	**525,845**	**535,267**	**1,606,360**	**674,402**	**552,753**	**516,222**	**1,743,377**	**520,409**	**531,124**	**550,348**	**1,601,881**	**6,354,432**
Depreciation Exp/Amortization	1/	24,747	25,678	25,144	75,569	25,144	25,436	29,593	80,173	30,413	30,220	31,607	92,240	31,607	32,386	31,513	95,506	343,488
Gain or Loss on Capital Asset		0	10,756	0	10,756	0	37,473	3,788	41,261	25,343	0	0	25,343	0	0	37,080	37,080	114,440
Property Taxes		5,990	6,137	5,990	18,117	5,990	5,990	5,990	17,970	5,990	6,102	5,990	18,082	5,995	5,990	3,443	15,428	69,597
Payroll Taxes		18,597	16,876	17,322	52,795	19,787	16,982	14,307	51,076	23,182	17,993	16,592	57,767	15,332	17,379	17,985	50,695	212,334
Regulatory Fee		0	0	1,441	1,441	0	0	2,887	2,887	0	0	2,840	2,840	0	0	1,756	1,756	8,924
State Income Tax		0	0	5,500	5,500	0	21	0	21	0	0	0	0	0	0	0	0	5,521
Federal Income Tax		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Rev Deductions		**509,233**	**507,179**	**550,580**	**1,566,992**	**596,169**	**611,747**	**591,832**	**1,799,748**	**759,330**	**607,068**	**573,251**	**1,939,649**	**573,343**	**586,879**	**642,125**	**1,802,347**	**7,108,736**
Net Operating Income for Return		**(213,051)**	**(197,651)**	**(45,864)**	**(456,566)**	**28,887**	**151,748**	**246,873**	**427,508**	**125,549**	**88,030**	**35,612**	**249,191**	**(4,529)**	**(168,773)**	**(275,406)**	**(448,708)**	**(228,575)**
Interest		14,679	13,418	15,014	43,111	14,565	14,990	14,334	43,889	14,684	14,613	14,069	43,366	14,557	14,152	14,806	43,515	173,881
Net Profit/(Loss)		**(227,730)**	**(211,069)**	**(60,878)**	**(499,677)**	**14,322**	**136,758**	**232,539**	**383,619**	**110,865**	**73,417**	**21,543**	**205,825**	**(19,086)**	**(182,925)**	**(290,212)**	**(492,223)**	**(402,456)**

Footnote:
1/ Reflects accelerated tax depreciation methodologies not used in the regulated financials

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Bald Head Island Transportation, Inc.
Plant Schedule - Per Regulatory Accounting Basis
For the Quarter Ended Dec 31, 2021

Description	At end of Month: Plant	Accumulated Depreciation	Deferred Taxes	Regulated Depreciation
January 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	33,636	-	526
Vehicles	1,107,208	792,085	7,049	9,350
Equipment	260,089	202,636	4,418	1,126
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,865,615	2,279,090	13,602	16,652
Total BHIT	6,530,585	3,446,117	25,069	27,654
February 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	34,162	-	526
Vehicles	1,053,577	703,649	6,525	10,281
Equipment	260,089	203,762	4,316	1,126
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,865,615	2,295,743	13,107	16,652
Total BHIT	6,476,954	3,375,985	23,948	28,585
March 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	34,688	-	526
Vehicles	1,053,577	713,484	6,001	9,834
Equipment	260,089	204,800	4,214	1,038
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,865,615	2,312,395	12,612	16,652
Total BHIT	6,476,954	3,404,036	22,828	28,051
1st QUARTER 1/	6,476,954	3,404,036	22,828	84,290

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Bald Head Island Transportation, Inc.
Plant Schedule - Per Regulatory Accounting Basis
For the Quarter Ended Dec 31, 2021

Description	At end of Month: Plant	Accumulated Depreciation	Deferred Taxes	Regulated Depreciation
April 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	35,214	-	526
Vehicles	1,053,577	723,814	5,286	10,331
Equipment	260,089	205,838	4,112	1,039
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,865,615	2,329,048	12,117	16,652
Total BHIT	6,476,954	3,432,583	21,516	28,547
May 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	35,740	-	526
Vehicles	1,081,645	733,562	4,954	9,748
Equipment	260,089	206,877	4,011	1,038
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,823,457	2,340,899	11,622	16,652
Total BHIT	6,462,864	3,455,747	20,586	27,964
June 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	36,265	-	526
Vehicles	1,081,645	743,310	4,621	9,748
Equipment	260,089	207,915	3,909	1,038
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,944,622	2,360,597	11,127	20,575
Total BHIT	6,584,028	3,486,756	19,657	31,887
2nd Quarter 1/	6,584,028	3,486,756	19,657	88,398

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Bald Head Island Transportation, Inc.
Plant Schedule - Per Regulatory Accounting Basis
For the Quarter Ended Dec 31, 2021

Description	At end of Month: Plant	Accumulated Depreciation	Deferred Taxes	Regulated Depreciation
July 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	36,791	-	526
Vehicles	1,109,399	753,520	4,288	10,210
Equipment	260,089	208,954	3,807	1,038
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,992,625	2,326,053	10,632	21,050
Total BHIT	6,659,786	3,463,988	18,728	32,824
Aug 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	37,317	-	526
Vehicles	1,138,228	764,211	3,956	10,691
Equipment	260,089	209,852	3,759	899
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,992,625	2,346,429	10,137	20,375
Total BHIT	6,688,615	3,496,478	17,852	32,491
Sept 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	37,843	-	526
Vehicles	1,221,493	776,289	3,623	12,079
Equipment	260,089	210,751	3,711	899
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,992,625	2,366,804	9,642	20,375
Total BHIT	6,771,880	3,530,357	16,977	33,878
3rd Quarter 1/	6,771,880	3,530,357	16,977	99,193

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Bald Head Island Transportation, Inc.
Plant Schedule - Per Regulatory Accounting Basis
For the Quarter Ended Dec 31, 2021

Description	At end of Month Plant	Accumulated Depreciation	Deferred Taxes	Regulated Depreciation
Oct 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	38,369	(0)	526
Vehicles	1,221,493	788,368	3,291	12,079
Equipment	260,089	211,650	3,663	899
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,992,625	2,387,179	9,147	20,375
Total BHIT	6,771,880	3,564,235	16,101	33,878
Nov 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	38,894	-	526
Vehicles	1,221,493	800,446	2,958	12,079
Equipment	260,089	212,548	3,615	899
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	5,029,992	2,408,333	8,652	21,154
Total BHIT	6,809,247	3,598,892	15,226	34,657
Dec 2021:				
Land	64,355	-	-	-
Docks & Piers	94,648	39,420	-	526
Vehicles	1,221,493	812,525	2,626	12,079
Equipment	260,089	213,447	3,568	899
Computer Hardware	71,583	71,583	-	-
Computer Software	67,087	67,087	-	-
BHIT Boats	4,957,751	2,393,453	8,157	20,281
Total BHIT	6,737,006	3,597,515	14,350	33,784
4th Quarter 1/	6,737,006	3,597,515	14,350	102,319
YTD as of 12/31/2021 1/	6,737,006	3,597,515	14,350	374,200

BALD HEAD ISLAND TRANSPORTATION, INC.
Report of Passengers Boarded by Fare Class
On-Time Performance (OTP) Information

TYPE TICKET	2021	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Class I GENERAL		3,847	4,385	8,882	13,046	17,101	19,039	21,966	15,327	13,939	11,763	7,351	6,204	142,850
Class II BULK 40		2,152	2,144	3,054	3,475	3,988	4,791	4,539	3,770	3,841	3,707	3,253	2,830	41,544
Class III BULK 80		157	137	175	170	187	186	162	214	198	196	175	166	2,123
Class IV NO FRILLS		600	574	826	760	874	1,076	1,214	1,019	855	803	749	565	9,915
Class V CONTRACTOR		2,533	2,429	2,939	2,725	2,768	2,828	2,635	2,734	2,707	2,498	2,673	2,429	31,898
Class VI EMPLOYEE		7,282	7,098	9,619	10,534	11,479	12,119	12,363	11,213	10,168	9,835	8,684	8,258	118,652
Class VII CHILDREN		418	416	1,394	1,834	2,087	3,668	4,016	2,837	1,683	1,427	921	785	21,486
Class VII CHILDREN NO COST		84	83	216	361	574	599	667	590	474	279	193	121	4,241
Class VIII ANNUAL PASS		36	43	51	38	50	57	46	62	95	119	128	126	851
Class X ONE-WAY TICKET		121	153	196	250	300	288	359	292	254	240	205	181	2,839
TOTAL (w/o Class X ONE-WAY)		17,109	17,309	27,156	32,943	39,108	44,363	47,608	37,766	33,960	30,627	24,127	21,484	373,560
TOTAL (w/Class X ONE=WAY)		17,230	17,462	27,352	33,193	39,408	44,651	47,967	38,058	34,214	30,867	24,332	21,665	376,399
Class IXa OVERSIZED BAGGAGE		112	129	501	498	600	788	886	590	435	302	191	158	5,190
Class IXb EXCESS BAGGAGE		0	0	0	5	0	0	0	0	0	0	0	0	5
TICKETED TRAM RIDERS /[1]		2,693	2,912	6,151	8,019	10,499	12,365	13,703	9,811	8,311	7,100	4,792	4,030	90,386
INVOICED TRAM RIDERS		0	0	0	0	0	0	0	0	0	0	0	0	0
INVOICED INTERCO SHUTTLE BUS RIDERS		0	0	0	0	0	0	0	0	0	0	0	0	0
INVOICED NON-INTERCO SHUTTLE BUS RIDERS		0	0	0	0	0	0	0	0	0	0	0	0	0
														Average
FERRY DEPARTURES ON-TIME		90%	86%	65%	67%	54%	47%	45%	53%	59%	68%	76%	84%	66%
NUMBER DAYS WITH A LATE DEPARTURE		22	18	30	26	31	30	31	31	30	30	25	21	27

Notes:
/[1] Riders whose ticket includes tram

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Exhibit JAW-14 Intentionally Omitted

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Exhibit JAW-15 Intentionally Omitted

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Exhibit JAW-16 Intentionally Omitted

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Exhibit JAW-17

MLS Listing

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100007914 | **00 Ferry Road , Southport, NC 28461** | **Pending**
Comm Sale or Lease | **Listing Office: Margaret Rudd Assoc/Sp** | **Current Price: $3,250,000**

City Limits:	No	**SqFt - Heated (Primary):**	0
County:	Brunswick	**Flood Ins Req:**	Yes
Location Type:	Mainland	**HOA:**	No
Marketing City:	Southport	**Lot Dimensions:**	irregular
Subdivision:	Not In Subdivision	**Year Built:**	0
Secondary Subdivision:	N/A	**Zoning:**	Southport ETJ
New Construction:	No		
Lot Acres:	106.41		
Lot SqFt:	4,635,220		

Location: ETJ
Lot Description: Corner Lot
Possession: At Closing
Road Type/Frontage: Paved
Sale/Lease Includes: Land
Sub-Type: Mixed Use; Unimproved

Cobra Zone:	No	**Deed Book:**	2722	**Plat Book:**	21
		Deed Page:	694	**Plat Page:**	225
		Federal Flood Ins Avlbl:	Yes	**Special Assessments:**	not known
		PID:	2220000607	**Tax Assessed Value:**	$4,137,220
		Tax Identifier:	2220000607	**Tax Year:**	2016

Marketing/Public Remarks: This undeveloped 106 acre parcel known as Southport Crossing sits on the corner of Moore St. and Ferry Rd., which leads to the Bald Head Island Ferry and the Fort Fisher Ferry. This gives this land the undivided attention of visitors coming and going to Historic Southport. It is zoned mixed use for single/multi-family and commercial use and offers views of beautiful marsh land and Price's Creek. The possibilities of coming off the ferry and having a bite to eat or to shop before heading back out are endless. Developing a community and bring all these features together would be a great addition to Southport.
Legal: 106.41 ACRES PLAT 21/225
Sign on Property: Yes
Directions to Property: From Howe St. take left on Moore St. and right on Ferry Rd. parcel is on corner of Moore St. and Ferry Rd.

Agreement Service:	Full Service	**Effective Date:**	04/05/2016	**Continue Showing:**	No
		Listing/Lease Price:	$3,250,000	**Status:**	Pending
Agreement Type:	Exclusive Right to Sell	**Original List Price:**	$4,500,000	**Status Change Date:**	12/01/2021
Auction:	No	**Prospect Exempt:**	No	**Proposed Closing Date:**	12/01/2022
Owner:	Southport Crossing Holdings LL	**Sale/Lease:**	Sale		
		Stipulation of Sale:	None	**Under Contract Date:**	11/30/2021
Broker Owner:	No	**Sub Agent Comm:**	0%		
Seller Rep.:	Has owned the property for at least one year	**Variable Comm:**	No	**Post Closing:**	Due Diligence Date: 03/30/2022
Buyer Agent Comm:	2.5%				
Cumulative DOM:	1958				
Days on Market:	1958				
Listing/Lease Price:	$3,250,000				

	Name	Office	Primary	Office	E-mail
Listing Member:	Elvira Gilbert 231672	**Listing Office:** Margaret Rudd Assoc/Sp C3409	910-619-4087	910-457-5258	elvira@rudd.com
Selling Member:	A Non Member	**Selling Office:** A Non Member NonMemberLicense			admin@ncrmls.com

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History for MLS # 100007914 00 Ferry Road, Southport, NC 28461 $3,250,000

+	MLS #	Status	Price	% Change	Date	ADOM	CDOM	Address
-	100007914	Pending	$3,250,000	0.0%	12/01/2021	1958	1958	00 Ferry Road
	+	Status	$3,250,000		12/01/2021			
	+	Proposed Closing Date	$3,250,000		12/01/2021			
	+	Status	$3,250,000		11/16/2021			
	+	Status	$3,250,000		11/16/2021			
	+	Status	$3,250,000		05/06/2021			
	+	Expiration Date	$3,250,000		05/06/2021			
	+	Status	$3,250,000		05/02/2021			
	+	Extension	$3,250,000		10/29/2020			
	+	Expiration Date	$3,250,000		10/29/2020			
	+	Text, etc.	$3,250,000		05/19/2020			
	+	Extension	$3,250,000		05/01/2020			
	+	Expiration Date	$3,250,000		05/01/2020			
	+	Status	$3,250,000		11/01/2019			
	+	Extension	$3,250,000		11/01/2019			
	+	Status	$3,250,000		08/30/2019			
	+	Selling Member	$3,250,000		08/30/2019			
	+	Price Change	$3,250,000	-18.6%	04/17/2019			
	+	Status	$3,995,000		04/17/2019			
	+	Expiration Date	$3,995,000		04/17/2019			
	+	Status	$3,995,000		04/15/2019			
	+	Extension	$3,995,000		10/13/2018			
	+	Expiration Date	$3,995,000		10/13/2018			
	+	Status	$3,995,000		07/18/2018			
	+	Expiration Date	$3,995,000		07/18/2018			
	+	Status	$3,995,000		07/14/2018			
	+	Status	$3,995,000		06/29/2018			
	+	Fallthrough Date	$3,995,000		06/29/2018			
	+	Status	$3,995,000		06/05/2018			
	+	Selling Member	$3,995,000		06/05/2018			
	+	Status	$3,995,000		04/14/2018			
	+	Expiration Date	$3,995,000		04/14/2018			
	+	Status	$3,995,000		04/08/2018			
	+	Photos	$3,995,000		11/18/2017			
	+	Extension	$3,995,000		10/06/2017			
	+	Expiration Date	$3,995,000		10/06/2017			
	+	Status	$3,995,000		04/04/2017			
	+	Status	$3,995,000		04/04/2017			
	+	Price Change	$3,995,000	-0.1%	03/07/2017			
	+	Price Change	$4,000,000	-5.9%	10/15/2016			
	+	Price Change	$4,250,000	-5.6%	07/21/2016			
	+	Text, etc.	$4,500,000		05/12/2016			

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	+	New	$4,500,000		04/05/2016			
-	100022094	Pending	$3,250,000		12/01/2021	1958	1958	00 Ferry Road
	+	Status	$3,250,000		12/01/2021			
	+	Proposed Closing Date	$3,250,000		12/01/2021			
	+	Extension	$3,250,000		11/12/2021			
	+	Expiration Date	$3,250,000		11/12/2021			
	+	Status	$3,250,000		05/06/2021			
	+	Expiration Date	$3,250,000		05/06/2021			
	+	Status	$3,250,000		05/02/2021			
	+	Extension	$3,250,000		10/29/2020			
	+	Expiration Date	$3,250,000		10/29/2020			
	+	Extension	$3,250,000		05/01/2020			
	+	Expiration Date	$3,250,000		05/01/2020			
	+	Status	$3,250,000		11/01/2019			
	+	Extension	$3,250,000		11/01/2019			
	+	Status	$3,250,000		08/30/2019			
	+	Selling Member	$3,250,000		08/30/2019			
	+	Price Change	$3,250,000	-18.6%	04/17/2019			
	+	Status	$3,995,000		04/17/2019			
	+	Expiration Date	$3,995,000		04/17/2019			
	+	Status	$3,995,000		04/15/2019			
	+	Extension	$3,995,000		10/13/2018			
	+	Expiration Date	$3,995,000		10/13/2018			
	+	Status	$3,995,000		07/18/2018			
	+	Expiration Date	$3,995,000		07/18/2018			
	+	Status	$3,995,000		07/14/2018			
	+	Status	$3,995,000		06/29/2018			
	+	Fallthrough Date	$3,995,000		06/29/2018			
	+	Status	$3,995,000		06/05/2018			
	+	Selling Member	$3,995,000		06/05/2018			
	+	Status	$3,995,000		04/14/2018			
	+	Expiration Date	$3,995,000		04/14/2018			
	+	Status	$3,995,000		04/08/2018			
	+	Text, etc.	$3,995,000		01/25/2018			
	+	Photos	$3,995,000		01/24/2018			
	+	Extension	$3,995,000		10/06/2017			
	+	Expiration Date	$3,995,000		10/06/2017			
	+	Status	$3,995,000		04/04/2017			
	+	Status	$3,995,000		04/04/2017			
	+	Price Change	$3,995,000	-0.1%	03/07/2017			
	+	Photos	$4,000,000		02/16/2017			
	+	Price Change	$4,000,000	-5.9%	10/15/2016			
	+	Text	$4,250,000		07/22/2016			
	+	Price Change	$4,250,000	-5.6%	07/21/2016			
	+	New	$4,500,000		07/21/2016			