

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. A-41, SUB 22

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

**TESTIMONY SUMMARY
OF
LEE H. ROBERTS**

Lee H. Roberts Testimony Summary

Docket No. A-41, Sub 22

My name is Lee Roberts, and I am Managing Partner of SharpVue Capital, LLC (“SharpVue”). I co-founded SharpVue in 2016 in Raleigh. SharpVue was previously an arm of Curi Holdings, Inc., formerly known as Medical Mutual Holdings, Inc. Seeing the tremendous opportunity for continuing growth in North Carolina, my partner, Doug Vaughn, and I spun SharpVue off into its own investment management firm in 2019.

One of SharpVue’s primary missions is economic growth in North Carolina. Mr. Vaughn and I have lived here for many years. We are proud to call North Carolina home and do not plan to live anywhere else. Immediately prior to joining SharpVue, I had the privilege of serving as budget director to Governor Pat McCrory. I am currently a member of the Board of Governors for the University of North Carolina system. I have served on the board of directors for the Golden LEAF Foundation, which distributes grants intended to make meaningful economic transformation across the State. I have also served on the State Board of Community Colleges and the North Carolina Banking Commission. With this experience and orientation, I would like to emphasize that – for so many reasons -- SharpVue and I have a great interest in the continuing long-term success of Bald Head Island.

With that introduction, SharpVue’s intent has always been to buy and hold BHIL and BHIT’s utility assets for the long term. We intentionally raised capital from investors who possess the ability and willingness to hold these assets for the long term. Regardless of our modeling various alternatives in investor presentations as a part of our due diligence, we intend a long term hold.

If the application is granted, SharpVue will keep the operations' current management in their current roles and duties, to include (but not limited to): Chad Paul will be responsible for the day-to-day management of the transportation system. Bion Stewart will assist him with day-to-day operational decisions. Shirley Mayfield will be responsible for financial accounting. Further, SharpVue intends to hire almost all of the current employees involved in ferry, tram, parking, and barge operations. SharpVue has experience with infrastructure projects which will be valuable in assisting with management's operational responsibilities. SharpVue's acquisition and retention of management and employees should provide for a seamless transition at closing so that operations and customer service will continue without noticeable impact.

It is in SharpVue's interest for full-time resident and transient passengers and customers to receive excellent service and to want to return to the island in the future, for the commercial businesses and residential rental properties on the island to succeed, and for the island as a whole to prosper. Moreover, as the Mitchell Estate desired, SharpVue is also buying all operations and the majority of the remaining commercial assets from BHIL both on the island and on the mainland in Southport. Therefore, in addition to our personal affection for the island, our economic incentives are aligned with those of the other island stakeholders.

SharpVue has the financial capital and resources to support ongoing operations, contingencies, and needed capital improvements for the ferry, tram, parking and barge/tug operations. SharpVue will establish a reliable financing mechanism that is a combination of debt financing and equity, plus the cash flow of the businesses, which will give SharpVue flexibility in meeting the capital and other needs of operating these assets. It is worth noting that a collection of sophisticated investors and one of the ten largest U.S. banks will fully fund the transaction after reviewing our forward-looking financial models and performing their own due diligence.

Post-closing, the businesses will have \$2.0 million in cash on hand, and access to a \$2.0 million line of credit that can be used to meet ongoing operations, contingencies, and needed capital improvements. SharpVue is committed to assess operations during our first year of ownership and to evaluate other steps and prudent investments we can make, to improve operations. If additional equity capital is necessary, we have an existing investor group that believes in this long-term investment and more broadly, we have demonstrated our ability to raise equity capital for this investment. SharpVue's willingness to invest needed capital in the future – from its current investors, potential future investors, and its lenders – should be viewed as a significant benefit to the using and consuming public, especially in comparison with the status quo.

SharpVue does not expect ferry, parking, or barge rates to go up as a result of this transfer. Going forward, SharpVue's projections are not based on dramatic rate increases for ferry, parking or barge services. SharpVue has agreed not to seek a rate case for the Ferry operation for at least a year. Further, SharpVue has agreed as a condition of approval of the application that for a period of four years post-closing or the next rate case filed by BHIFT, whichever is earlier, SharpVue will not increase the aggregate rates for parking ticket classes or levels or barge/tugboat services more than for inflation. Also, SharpVue commits that BHIFT is "stepping into the shoes" of BHIT such that it assumes responsibility for all rights and obligations of BHIT that flow from the Commission's order approving a settlement of the 2010 Rate Case for the ferry and tram services in Docket A-41, Sub 7.

Regarding management and ownership structure, SharpVue and its affiliates Pelican Legacy Holdings and BHIFT are simply stepping into the shoes of BHIT as it relates to the ferry operations and into the shoes of BHIL as it relates to the parking facilities and barge operations.

All the leases, easements, permissions, etc. needed to operate the ferry, tram, parking and barge operations will continue. The SharpVue management team (Lee Roberts and Doug Vaughn) will own and/or directly control more than 50% of the investments in Pelican Legacy Holdings, will be on the Board of Managers for Pelican Legacy Holdings, LLC and will be the strategic decision-makers, along with Chad Paul, for these assets. This type of ownership/management structure is common among private equity investments. Moreover, SharpVue's proposed ownership and management structure is consistent with the current ownership structure by the Mitchell Estate of BHIL and BHIT.

We are confident SharpVue's acquisition will ensure continued stability of the operations and enable improvements that will further benefit the public. It is in the public interest to have a ready, willing, and able operator who is committed to investing what is necessary to carry the ferry operations into the future, and certainly preferable to the status quo. SharpVue respectfully requests the Commission approve the application.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Testimony Summary of Lee H. Roberts has been served by electronic mail or hand delivery addressed to parties and counsel of record as shown on the Commission’s Service List in docket A-41, Sub 22, and has also been provided to Commission’s Counsel and to the appropriate members of the NC Public Staff.

This the 8th day of March, 2023.

/s/ David P. Ferrell
David P. Ferrell
Counsel for Bald Head Island Ferry
Transportation, LLC and SharpVue Capital
LLC