

Cindy Aiken

From: peter menk <pdmenk@gmail.com>
Sent: Friday, August 20, 2021 7:11 PM
To: SLGFD
Subject: Letter regarding BHI Transportation

36 Mourning Warbler Trail

Bald Head Island, NC 28461

August 19, 2021

Local Government Commission

Via email SLGFD@nctreasurer.com

Dear Chairman Folwell:

I am a register voter and a full-time resident property owner on Bald Head Island. The purpose of my writing is to urge the LGC to authorize the BHI Transportation Authority completion of its purchase of the privately owned ferry and barge transportation systems. I submit that the BHI Transportation Authority is best suited to provide accountability to all parties of interest, and the necessary long-term continuity of operations and management. The Village simply does not have the depth to provide either continuity of government or continuity of operations for the transportation systems.

My evaluation as to “best suited” is based on my extensive operations and planning experiences both in the military and with civilian agencies in crisis management. I served as senior advisor on crisis management and continuity operation at the headquarters of DOT and at EPA. I was a Certified Emergency Manager (CEM) the premier certification of FEMA and the International Association of Managers. I had ample on hands experience while serving on the Village’s Hurricane Florence Task Force to make a fair evaluation of the future capacities of BHI Village administration and Council. With such a small base the BHI Village cannot sustain the quantity and quality of personnel necessary to provide the required continuity.

Sincerely,

Peter D. Menk

Cindy Aiken

From: GC Huddle <gchuddle@outlook.com>
Sent: Friday, August 20, 2021 8:53 AM
To: SLGFD
Subject: PURCHASE OF BHI TRASPORTATION SYSTEM

I want the bond financing for the Village Of Bald Head Island approved, so it can purchase the Transportation System.

I own three parcels of property on Bald Head Island.

Thank You,

Gideon C. Huddle & HUDDLE BHI LLC.

Sent from [Outlook](#)

Cindy Aiken

From: Carin Faulkner <cfaulkner@villagebhi.org>
Sent: Friday, August 20, 2021 8:14 AM
To: Bradley Murchison; SLGFD
Cc: Andy Sayre; Chris McCall; Scott Gardner; Emily Hill; Michael Brown; Peter Quinn
Subject: RE: Purchase of Bald Head Island Transportation System

Good morning,

Thank you for your comments. I have copied this message to the Village Council so they can view your comments. They were submitted after I had already posted the other comments online, but will add them to those when I am able to.

Respectfully,

Carin Z. Faulkner, MPA
Village of Bald Head Island
Public Information Officer
Phone: (910) 457-9700 ext. 1025
Fax: (910) 401-1945
Website: www.villagebhi.org



Pursuant to the Freedom of Information-Privacy Acts and NCGS Chapter 32, Public Records, this electronic mail message and any attachments hereto, as well as any e-mail message(s) that may be sent in response to it are considered public record and as such are subject to request and review by anyone at any time and may be disclosed to third parties.

From: Bradley Murchison <murchisb@bellsouth.net>
Sent: Thursday, August 19, 2021 9:17 PM
To: Carin Faulkner <cfaulkner@villagebhi.org>; slgfd@nctreasurer.com
Cc: Bradley Murchison <murchisb@bellsouth.net>
Subject: Purchase of Bald Head Island Transportation System

Village of Bald Head Island and North Carolina Local Government Commission:

The undersigned have been property owners on Bald Head Island since 2003.

Please be advised that we DO favor approval of the bond financing for the BHI Transportation Authority (BHITA) so it may purchase the Transportation System. This decision is based on our understanding that BHITA would pay off the bonds exclusively out of the revenue generated from the operation of the Transportation System. There would be no taxation or potential liability for BHI property owners to pay for the bonds.

We do NOT favor approval of the bond financing for the Village of Bald Head Island to enable it to purchase the Transportation System. We do not support this option because the Village expects to pay the debt service on the bonds from revenues generated by operation of the Ferry System and from property taxes collected from owners like us by the Village without restriction as to rate or amount.

Property taxes are incredibly high right now and other infrastructure needs will surely drive them up in the future. The possibility of additional tax increases from the purchase of the Transportation System is too much to ask. Property owners should not be forced to subsidize the Transportation System when revenues from operations can cover the debt service on the bonds.

Thank you,
Brad and Lynne Murchison
215 Portsmouth Way, BHI

Cindy Aiken

From: Kathy Anderson <ander65@aol.com>
Sent: Friday, August 20, 2021 9:36 AM
To: SLGFD
Subject: Support for BHI Acquisition of Ferry System

We have owned a second home on Bald Head Island since 2005. We have watched the island grow significantly during that time and are aware of the stress on our infrastructure that comes with growth. We believe the island will continue to add new homes up to the available supply of home lots over the next 10 years. With that as a backdrop.....

We support the efforts fo the village of BHI to bring greater transparency and self governance to the proposed acquisition of the Ferry system. We also are in favor of the lower total costs of the General Obligation Bonds and the immediate investment to maintain and upgrade the existing system. To that same end, we SUPPORT the Village acquiring the Ferry System using General Obligations bonds.

RATIONALE - If the revenue generated from the ferry and related entities is enough to finance the Revenue Bonds, those same assumptions should easily support the funding of the GO Bonds. The prospect of runaway costs and lower services to pay the Revenue Bonds is far more concerning to us than tax assessments from and ever growing base of taxpayers on the island.

Thank you for your continued thoughtful deliberation in this very important matter.

Rick and Kathy Anderson
859-420-4722

Cindy Aiken

From: Robert Drumheller <rbdrumheller@gmail.com>
Sent: Saturday, August 21, 2021 11:37 AM
To: Tim Romocki; SLGFD
Subject: Village of Bald Head Island proposed General Obligation Bond
Attachments: mayor bhi letter of august 18 re ferry system.pdf

Mr. Romocki:

Thank you for your assistance over the last few days on the above referenced matter. I worked for the Federal government for 13 years and appreciate the value of public service. I would appreciate it if you would make sure that my email below is sent to the relevant LGC authorities.

Dear Members of the NC LGC:

I reference the proposal of the Village of Bald Head Island to issue a \$54mm General Obligation Bond in connection with the possible purchase of the island's ferry system from Bald Head Limited.

The Mayor sent to Treasurer Folwell a letter dated August 18, 2021 commenting on my submission to the LGC of August 7, 2021 detailing my concerns about the Village's debt projection levels. This letter is attached, and my email is contained in the attachment.

Notwithstanding the Mayor's letter, as a candidate for the council this fall I remain deeply concerned about the Village's known and potential debt trajectory. I elaborate with a few comments below:

1 In response to my email to you, the Village now publicly acknowledges the \$5mm of debt required for road improvement and the ongoing periodic \$15mm of debt needed for beach erosion control. They have not yet provided the public with a more comprehensive analysis of debt

needs associated with our aging infrastructure. Let me give you just one example. The village has 3 fire trucks. The oldest, a ladder truck, was built in 1995 and has operational issues. It likely needs to be replaced in the near term at an estimated cost of \$925,000. The other 2 trucks are dated 2003 and 2006 and will need replacement in the foreseeable future. The total cost of the 3 trucks could be in the range of \$2mm and will be financed either by direct debt, lease type debt, or an increase in property taxes at the time. I am not aware that the village has advised the public about this need.

2 The village mentions that there is a Utility Fund that will deal with the possible \$11mm of capital cost for freshwater and lift station rebuilds. As of July 1, 2021 (the beginning of the fiscal year) there was \$1.7mm of cash in that fund. Either the Village will need to issue \$9.3mm of new debt to cover the shortfall or substantially increase water fees annually in excess of the normal cash operating costs. In effect this is a "tax" by another name on the village property owners.

3 Beach erosion control is an "existential" issue for the island. Possible rising water levels associated with climate issues and the potential Wilmington harbor expansion and channel deepening could significantly increase the ongoing costs of beach erosion control. Of course this cannot be financed via revenue bonds. There is no guarantee that sand from channel deepening will be available over a long period of time to meet the going periodic costs of maintaining the beach, particularly if the rate of erosion increases.

4 This comment pertains to what I call the "equity" of what is being proposed here. As you might know, we have been advised by BHI Limited that the property owner ferry utilization rate is about 10% of all rides. The Village is asking those 2000 owners to guarantee \$54mm of General Obligation debt on behalf of the other 90% of the ferry users. While the

probability of a call on the guarantee is hopefully low, it is certainly not zero. I must say I do not see the equity in that proposition.

In this instance the Village clearly has the opportunity to pursue its desire to purchase the system with the issuance of a revenue bond which places the debt service costs on the actual users, where it should be. In conclusion, I again ask the LGC to defer the approval of the general obligation bond so the village can reserve that limited capacity for projects where it is the only option and suggest or advise the Village to utilize a revenue bond if they are successful in obtaining a deal with BHI Limited.

Thank you for your oversight on municipal debt levels.

Robert Drumheller

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Robert Drumheller
rbdrumheller@gmail.com



The Village of Bald Head Island

August 18, 2021

Dear Treasurer Folwell:

I have been made aware of a letter sent earlier this month to you from Robert Drumheller dealing with "village debt projections". There are a number of misguided assertions that may arise from a misunderstanding of municipal finance and the specifics of Village of Bald Head Island budgeting. For instance, like many municipalities, we have an independent Utilities Fund, presently debt free. Unlike many municipalities, for the past several years, and hopefully for years to come, we have raised user fees 2.0% annually to build up our reserves and fund improvements.

The "debt levels existing and projected" referenced in the letter (attached) includes \$4M in freshwater expansion and \$7M in sewer lift station improvements. Although I would have to verify the numbers, the plan is NOT to fund these upgrades through debt but rather through annual expenditures from the Utilities Fund, a 'pay as you go' plan.

Because of its large expense the Wastewater Treatment Facility expansion will have to be funded differently. Presently we are only at the design stage, so we have plenty of time to investigate various funding options: installment loans, grants, Federal infrastructure programs, etc.

Our Shoreline Stabilization Program (beach renourishment) relies on the Sand Management Plan that we have with the Corps of Engineers which assumes a Village funded placement around 2027, 2028. However, the Wilmington Port is pursuing another channel deepening project, which would produce large quantities of beach quality sand, that may negate the need for that Village placement.

Finally, the Village's projection of a 0.75% annual increase in the tax base has nothing to do with the County assessments of individual properties, but rather it is the very conservative estimate of new residential and commercial development coming online and adding to the taxable base. The 0.75% increase equates to roughly \$9M. Presently we have over \$30M of construction underway.

The debt from the \$54M Village General Obligation Bond proposal to purchase the Bald Head Island Transportation Company is projected to be paid off through revenues, not by raising property taxes. However, in the case of a crisis, having the possibility of modest tax increases is far better than runaway rates and slashed services.

Thank you for your time,

/s/ J. Andrew Sayre
Mayor

pc: Sharon Edmundson

[DRUMHELLER LETTER TRANSCRIPT BEGINS]

Subject: Fw: Drumheller Letter LGC Letter/village debt projections

Dear Sir;

I refer to the proposed sale of the Bald Head Island ferry system which is under active consideration by the Village of Bald Head Island. The village of Bald Head Island is proposing the issuance of a \$54mm General Obligation Bond to potentially purchase the system.

My name is Robert Drumheller, and I am running for a position on the Village Council for this election cycle. I am forwarding to you an email that I have sent today to various parties who have interests in the outcome of the proposed sale. The email provides information on the future debt trajectory of Bald Head Island taking into account the possible GO Bond.

As you can see from the below email the approval by the LGC of this \$54mm GO Bond could very well put the Village in an untenable debt position given our known debt requirements over the next few years.

I am asking the LGC to consider this debt trajectory when reviewing the Village's application for approval for the GO bond issuance. Given the prospect of such a large amount of debt which would need to be supported by only about 2000 property owners on the island, I would ask the LGC to seriously consider withholding its approval of the Village's request for the time being and let the process between BHI Limited and the BHITA hopefully come to a successful conclusion.

Thank you for being there to help make sure that local municipalities do not overextend themselves with debt.

Robert Drumheller

----- Forwarded message -----
From: Robert Drumheller <rbdrumheller@gmail.com>
Date: Sat, Aug 7, 2021 at 10:45 AM
Subject: village debt projections

My comments are below related to the Village slides on debt capacity:

Current village total assessed property value (before the loss of the ferries which are now Southport assessed value) \$1,162,278,000
The maximum debt allowed by LGC at the current village valuation is \$93mm (i.e. 8% rule).

debt levels existing and projected:

existing	\$16mm	
ferry system GO Bond	\$54mm	Funding TBD: Low-Interest Rate Installment Loan, Grants, Federal Infrastructure Programs, Etc
new village hall	\$2mm	
wastewater expansion	\$13mm	
freshwater expansion works on this)	\$4mm (estimated as we did not get a number from public	
rebuild 38 sewer lift stations with public works)	\$7mm (estimated at \$200,000 per station per conversation	
total	\$96mm (already above the 8% cap)	

To be funded in Village Utilities Fund Annual Budget, "Pay As We Go"

comments:

I did not include the 2028 \$15mm debt need for beach erosion control because by that time the existing \$16mm of debt will have been repaid.

Possible No Cost Sand Placement From Wilmington Port Channel Deepening Project

0.75% Growth
Due To
Residential And
Commercial
Development,
Adding to The
Tax Base

NOT
Increased
Assessments On
Existing
Properties

The \$96mm number already exceeds the current maximum allowed of \$93mm.

In addition, the village presentation assumes that total assessed value will grow at 0.75 % per year in the future. I checked my own home assessed value numbers over time. From the peak in 2007 to the low point in 2015 based on village appraised valuations my home value declined by 23% (I believe raw land values declined by significantly more but do not have the data to confirm). In addition, my current value in 2021 remains, after 14 years, below what it was in 2007. As you know 2nd home communities have more variability in valuations over time. It appears to be overly optimistic to assume such a stable growth rate of valuations over time as the village is assuming.

Finally my list of debt needs above does not include unidentified requirements such as major road work etc. We would not have the flexibility to issue debt to finance these unknown needs in the future.

I wonder if the LGC is aware of the debt trajectory and will consider it when they review the Village's request?

RBD

Robert Drumheller

[DRUMHELLER LETTER TRANSCRIPT ENDS]

Cindy Aiken

From: Kit Adcock <kit.adcock@gmail.com>
Sent: Saturday, August 21, 2021 1:26 PM
To: Robert Drumheller
Cc: Tim Romocki; SLGFD
Subject: Re: Village of Bald Head Island proposed General Obligation Bond

Fabulous!
K

Sent from my iPhone

On Aug 21, 2021, at 11:36 AM, Robert Drumheller <rbdrumheller@gmail.com> wrote:

Mr. Romocki:

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Thank you for your oversight on municipal debt levels.

Robert Drumheller

--

Robert Drumheller

rbdrumheller@gmail.com

<mayor bhi letter of august 18 re ferry system.pdf>

Cindy Aiken

From: Kit Adcock <kit.adcock@gmail.com>
Sent: Friday, September 10, 2021 11:58 AM
To: jbbass05@gmail.com; violaharris39@yahoo.com; emunn@carolina.rr.com; scottpadgett693@gmail.com; ronald.penny@ncdor.gov; mdphilbeck@carolina.rr.com; Beth_wood@ncauditor.net; emarshal@sosnc.gov; Tim Romocki; Cindy Aiken; SharonEdmundson@nctreasurer.com
Cc: Susan Rabon; Rusher, Mary Nash K.
Subject: BHITA legislation and "Rent-seeking"
Attachments: 2021_9_10 LGC Rent Seeking Hogwash.docx

September 10, 2021

Honorable NC Treasurer Folwell
Honorable NC Auditor Wood
Distinguished Members of the Local Government Commission

Re: BHITA

Messrs. Blau's and Carey's July 2021 "Rent-seeking" Letter: **Hypothesis** or **Hogwash**?

I read with great interest Messrs. Blau's and Carey's July letter to the Local Government Commission thoroughly documenting their **hypothesis** that Bald Head Island Limited was pursuing "rent-seeking" with the legislation that created the transportation authority. Their concept is very well written and thoroughly documented. It is, however, **hogwash**; it is a hypothesis that does not stand up to facts.

The creation of the Bald Head Island Transportation Authority was a model to be used by other ferries across the state to reduce North Carolina taxpayer subsidies for those other systems. That's it. Plain and simple. No conspiracy. No rent-seeking. The fact that three of the Authority seats are held by NC DOT designees reflects this significant role.

During the last decade the NC Legislature has agreed on very few things. How many pieces of legislation have had unanimous support? What could possibly bring members from across the aisle from **both** chambers together? Session Law 2017-120, Senate Bill 391, adding Article 29 to Chapter 160-A to the North Carolina General Statutes did just that. Practically a miracle!

North Carolina taxpayers subsidize the considerable expense of ferry operations throughout the state. Bald Head Islanders are well aware of this. The Fort Fisher Ferry lies just a half a mile from Deep Point Marina, the mainland base for access to Bald Head Island (BHI). Its costs for all levels of service are significantly less than a round-trip ticket to our island home.

According to the NC DOT ferry site (<https://www.ncdot.gov/travel-maps/ferry-tickets-services/Pages/ticket-prices.aspx>) most NC-funded ferries are free. Those that do assess a fee charge one dollar (\$1) each way, two dollars round trip, versus the range of round-trip passenger tickets to Bald Head Island from \$14.50 to \$23.00. The BHI rates reflect the true costs of island ferry travel. This is ensured through the oversight of the North Carolina Utilities Commission.

I was especially pleased that Jed Dixon, NC DOT Deputy Director of Ferry Systems, was an appointee to BHITA. His knowledge of the state's ferry system was an invaluable asset while BHITA performed its due

diligence. His knowledge of infrastructure, operations, personnel, etc. with each ferry system a unique and complex operations was invaluable to me while I served on BHITA.

That one of the NC DOT appointees must live in the region served by BHITA offered Bald Head Island yet another seat at the table. Contrary to what the “official” representatives from the Village of Bald Head Island state, the Village currently has MAJORITY representation on BHITA. The arguments to the contrary are untrue, misleading, and frankly, grossly unfair to those who have served diligently and tirelessly to get this authority off the ground.

As the recent past Mayor Pro Tempore of Bald Head Island, and thus a member of the Bald Head Island Transportation Authority (BHITA) from December 2017 until my resignation for medical reasons in December 2019, I urge you to IGNORE the erroneous rent-seeking hypothesis.

Kit (Mary-Kathryn) Adcock

Cindy Aiken

From: Beth Wood <Beth_Wood@ncauditor.net>
Sent: Friday, September 10, 2021 12:38 PM
To: Kit Adcock; jbbass05@gmail.com; violaharris39@yahoo.com; emunn@carolina.rr.com; scottpadgett693@gmail.com; ronald.penny@ncdor.gov; mdphilbeck@carolina.rr.com; emarshal@sosnc.gov; Tim Romocki; Cindy Aiken; SharonEdmundson@nctreasurer.com
Cc: Susan Rabon; Rusher, Mary Nash K.
Subject: RE: BHITA legislation and "Rent-seeking"

Ms. Adcock,

Thank you so much for your interest in what is happening with the Bald Head Island Ferry System.

I would ask that if you have "any" ability to do so, that you encourage "someone" to get a true valuation of the ferry system's assets. I have yet to see one.

Please understand that I don't need anyone else's interpretation of the valuations that have been submitted thus far. I can assure you that I have been able to ascertain the problems with the valuations on my own.

Thank you,

Beth A. Wood, CPA
N.C. State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0600

Phone: 919-807-7526



Warning: All e-mail correspondence to and from the Office of the State Auditor may be subject to the North Carolina Public Records Law and may be disclosed to third parties.

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Cc: Susan Rabon <susanrabon@gmail.com>; Rusher, Mary Nash K. <mnrusher@mcguirewoods.com>
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Kit (Mary-Kathryn) Adcock

Cindy Aiken

From: Kit Adcock <kit.adcock@gmail.com>
Sent: Monday, September 13, 2021 12:01 PM
To: Beth Wood
Cc: jbbass05@gmail.com; violaharris39@yahoo.com; emunn@carolina.rr.com; scottpadgett693@gmail.com; ronald.penny@ncdor.gov; mdphilbeck@carolina.rr.com; emarshal@sosnc.gov; Tim Romocki; Cindy Aiken; SharonEdmundson@nctreasurer.com; Susan Rabon; Chad Paul
Subject: Follow-up to your email re BHITA valuation
Attachments: 2021_9_13 Response to Wood.docx

Good Morning Ms. Wood-

I desperately want to see this transaction finalized. I knew from the moment Chapter 29 was approved that the single determining factor would be "the price."

Although I no longer serve on BHITA, I participated in and was witness to the excellent and thorough work that was performed, reviewed, and analysed, yet funded by BHI Limited. I hate that I was sidelined and blindsided by a medical condition; I wanted then and want now to see this through.

It is so frustrating, as you well know, to watch this play out. The term "unfunded mandate" keeps popping into my head. BHITA was authorized but not funded by the State. How can long-term transportation savings be achieved - for all NC taxpayers - without providing the necessary support to get this inaugural effort off the ground? Seed money to fund basic office services and startup costs could have significantly changed the dynamics and timeline of this now multi-year effort. How might that alone have changed the calculus of the BHITA proposal?

BHITA is in the incredibly awkward position of relying on funding from the seller. This created a host of problems, not least being the perception that Bald Head Island Limited both funded *and chose* those who performed due diligence. That single perception has been mistaken as truth by so many islanders; it is very difficult to fight. BHITA, with no resources of its own, cannot fight the battle of misinformation that prevails. It uses donated office space, has no communications budget for even a web page, and can neither hire marketing professionals or pay for any materials that could publicly support its case and cause, unless of course, it seeks funding from BHI Limited. A true catch-22 is in play.

I wish I could wave a magic wand to get the valuation you seek, that I seek, that we all seek. No one wants to pay a penny more than the system is worth. However, if this is sold piecemeal, the costs for users will skyrocket under monopolistic, for-profit owners. It's the reality, not a scare tactic, simply a fact.

If the system is sold to the Village of Bald Head Island, the long-term costs will ultimately be even higher. There is NO ONE, certainly not in Village management, nor even among the captains of industry who own homes on BHI, who can run it - at ANY price. If the Mitchell family donated the entire operation to the Village as Secretary Folwell proposed, who will run it? Is it not obvious, except to me, that this is why the Mitchell family invested the time (now seven years) and resources to devise a means by which its Bald Head Island legacy can last well into the future?

I so appreciated hearing your comments when I listened to the May LGC meeting. I was grateful that you zeroed in on the only issue - the valuation. Yet, the Village seeks \$54 million GO bond approval, with NO requirement for a purchase agreement to gain LGC approval! And, the Village is using the BHITA appraisals it continues to criticize as the basis for its bond request. That approximately 300 individuals will make this decision for the more than 2000 property taxpayers is grossly inappropriate, especially because the bond request is for more than fifty percent of the eight percent state-mandated borrowing limit. As one of those taxpayers, I feel like I'm falling through Alice in Wonderland's rabbit hole.

Should the GO bond referendum fail, it seems Village leadership, if re-elected, will pursue revenue bonds. It's likely its appraisals will be less; the Village has certainly shopped for them. Limited will not sell to the Village, except on the free market. Where does that leave the transportation system, depended upon by both islanders and the hundreds of workers who use it daily?

I do not envy your decision. I do hope that in considering the BHITA valuations, some consideration will be given to the real costs of *denying* BHITA's proposal. A failure of BHITA to acquire the Bald Head Island transportation system undermines the state's hope to both look at and fund ALL NC ferry systems in a new way, reducing the burden on all NC taxpayers.

Ultimately, either the Village will pay a premium for the revenue-generating parking and barge, if they are the highest bidder, or it will be stuck with just the ferries and trams. In that scenario, the Village will have to fund and acquire the docks and nearby land, possibly through eminent domain, on the backs of island taxpayers. (How this plays out on the mainland Southport side, even my imagination is challenged.) How can the Village integrate a multi-tiered, interdependent system with separate owners for each element? How can the Village coordinate this when at every step of this process it has alienated all other participants and interested parties?

None of this is free, and in all likelihood, once all the lawyers and consultants are paid by Village taxpayers, two things will occur. Island taxpayers will have spent as much or more than necessary for whatever pieces of the system the Village can cobble together, and the quality and integration of this service will be disrupted forever. What is the present value of that cost? Village leaders are using island tax dollars to promote its proposal, not just to educate islanders. That standard of oversight of truly simple things is totally inadequate and unacceptable.

Denying BHITA's proposal puts BHI's basic governance in jeopardy. Who will volunteer to serve on our Village Council if they have to deal with the unpopular and awful choice between raising transportation rates or raising taxes? Who at Bald Head has the expertise to manage a complex operation that functions eighteen hours a day, seven days a week, all year? NO ONE. As an example, during Hurricane Florence, our Village Manager not only oversaw the re-establishment of all services to the island, but he also served as the sole communicator of facts on the ground to island residents (though there were island leaders present who could have handled that piece.) If managing the ferry and barge were added to that burden, or repairing a marina like in Southport after Hurricane Isaias, on an island with few emergency plans, that disaster would still be unfolding.

Bald Head Island has many challenges. With slightly more than 2000 properties, its geographic resources are limited because it is an island facing sea level rise. With port expansion and channel deepening, it faces enormous island-taxpayer-funded beach replenishment simply to maintain those 2000 properties.

Bald Head Island is an economic cash cow for Brunswick County to whom the island's taxpayers contribute dearly, annually, with less than a five percent return in services. Sales tax contributions are

significant, with a local return a pittance based on the small number of true permanent residents. North Carolina's economy benefits greatly on the backs of the island's taxpayers.

To exist or to thrive as an economic driver for North Carolina, the sale of this system to BHITA must proceed. Please consider the opportunity costs of denying BHITA's proposal. Those costs are real, too, but they do not appear on any valuation. Each day that this is delayed, those costs go up.

I greatly appreciate the time you have devoted to this topic, and for giving me this opportunity to share my perspective.

Kit Adcock

Cindy Aiken

From: Scott Padgett <scottpadgett693@gmail.com>
Sent: Monday, September 13, 2021 12:34 PM
To: Kit Adcock
Cc: Beth Wood; jbbass05@gmail.com; violaharris39@yahoo.com; emunn@carolina.rr.com; ronald.penny@ncdor.gov; mdphilbeck@carolina.rr.com; emarshal@sosnc.gov; Tim Romocki; Cindy Aiken; sharonedmundson@nctreasurer.com; Susan Rabon; Chad Paul
Subject: Re: Follow-up to your email re BHITA valuation

Mr Adcock I appreciate your detailed analysis and must say it is maybe the most complete and logical description of this complex issue I have heard to date.

Scott Padgett
LGC board member

Sent from my iPhone

On Sep 13, 2021, at 12:01 PM, Kit Adcock <kit.adcock@gmail.com> wrote:

Good Morning Ms. Wood-

I desperately want to see this transaction finalized. I knew from the moment Chapter 29 was approved that the single determining factor would be "the price."

Although I no longer serve on BHITA, I participated in and was witness to the excellent and thorough work that was performed, reviewed, and analysed, yet funded by BHI Limited. I hate that I was sidelined and blindsided by a medical condition; I wanted then and want now to see this through.

It is so frustrating, as you well know, to watch this play out. The term "unfunded mandate" keeps popping into my head. BHITA was authorized but not funded by the State. How can long-term transportation savings be achieved - for all NC taxpayers - without providing the necessary support to get this inaugural effort off the ground? Seed money to fund basic office services and startup costs could have significantly changed the dynamics and timeline of this now multi-year effort. How might that alone have changed the calculus of the BHITA proposal?

BHITA is in the incredibly awkward position of relying on funding from the seller. This created a host of problems, not least being the perception that Bald Head Island Limited both funded *and chose* those who performed due diligence. That single perception has been mistaken as truth by so many islanders; it is very difficult to fight. BHITA, with no resources of its own, cannot fight the battle of misinformation that prevails. It uses donated office space, has no communications budget for even a web page, and can neither hire marketing professionals or pay for any materials that could publicly support its case and cause, unless of course, it seeks funding from BHI Limited. A true catch-22 is in play.

I wish I could wave a magic wand to get the valuation you seek, that I seek, that we all seek. No one wants to pay a penny more than the system is worth. However, if this is sold piecemeal, the costs for users will skyrocket under monopolistic, for-profit owners. It's the reality, not a scare tactic, simply a fact.

If the system is sold to the Village of Bald Head Island, the long-term costs will ultimately be even higher. There is NO ONE, certainly not in Village management, nor even among the captains of industry who own homes on BHI, who can run it - at ANY price. If the Mitchell family donated the entire operation to the Village as Secretary Folwell proposed, who will run it? Is it not obvious, except to me, that this is why the Mitchell family invested the time (now seven years) and resources to devise a means by which its Bald Head Island legacy can last well into the future?

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