

BALD HEAD ISLAND TRANSPORTATION AUTHORITY
Board of Trustees
Regular Meeting
Wednesday, December 19, 2018
Southport Community Building
223 East Bay Street, Southport, NC 28461
Minutes of Regular Meeting

Attendees

Trustees

Susan Rabon, NC Governor Cooper (Chair)
David Jessen, NC General Assembly – Senate (Treasurer)
Brad Smith, NC General Assembly – Legislature (Vice Chair)
Andy Sayre, Village of Bald Head Island, Mayor (Via Teleconference)
Kit Adcock, Village of Bald Head Island, Mayor Pro Tempore (Acting Secretary)
John Fisher, Village of Bald Head Island
Resident Rex Cowdry, NC Department of Transportation (Via Teleconference)
Richard Kopp, Brunswick County
Jim Powell, City of Southport
John (Jed) Dixon, NC Department of Transportation (Via Teleconference)

Counsel and Clerk

J. Dickson McLean, McGuireWoods LLP, Counsel to Bald Head Island Transportation Authority
Tanya Shannon, Deputy Clerk of City of Southport, Acting Clerk

Other Participants

Debra Straub, Interim Finance Officer for Bald Head Island Transportation Authority
John Sainsbury, HMS (Via Teleconference)

I. Call to Order and Welcome

Chair Susan Rabon called the meeting to order at 9:22 a.m.

II. Roll

Acting Secretary Adcock called roll. A quorum was declared.

III. Ethics Statement

Chair Rabon stated, *“If any member of the Board knows of any conflict of interest or the appearance of a conflict of interest with respect to matters on the agenda, to please so state it at this time.”*

No conflicts stated.

IV. Approval of Minutes from November 21, 2018 Meeting of the Board of Trustees

Trustee Adcock motioned, second by Trustee Smith to approve the November 21, 2018 meeting minutes as presented.

Unanimous vote; motion carried.

V. Update and Report on Financial Affairs of the Authority

Ms. Straub distributed the Financial Report of the Authority as of December 19, 2018. (Complete report on file with Secretary.)

Expenditures to date:	\$ 42,665.28
Estimated payables through 12-31-18	\$ 5,075.50
Total Anticipated Costs – from bond proceeds	\$343,100.00
Revenues over Expenses (account balance) as of 12-19-18	\$107,334.72

Other paid items include the following.

Directors and Officers Insurance	\$ 5,832.00
KOPCO boat surveys to date	\$ 8,100.00
Retainer for Moffatt and Nichol for bulkhead surveys	\$ 10,000.00

VI. Update on Determination of State Board of Elections and Ethics Enforcement

Mr. McLean, Authority Counsel, briefed the board on the determination by the State Board of Elections and Ethics Enforcement Bald Head Island Transportation Authority is not subject to the State Government Ethics Act. The Act applies to state-wide boards.

The Authority’s enabling statute contains references to certain ethics requirements that apply to Department of Transportation boards. Specifically, the enabling legislation references:

- (1) N.C. Gen. Stat. §136-13 - Malfeasance of officers and employees of Department of Transportation, members of Board of Transportation, contractors, and others;
- (2) N.C. Gen. Stat. §136-13.1 - Use of position to influence elections or political action; and
- (3) N.C. Gen. Stat. §136.14 – Members not eligible for other employment with Department; no sales by Department employees; members not to sell or trade property with Department; profiting from official position; misuse of confidential information by Board members.

VII. Update on Survey Progress, HMS, Consulting

John Sainsbury from HMS Consulting addressed the progress of the surveys of marine floating stock and marina bulkheads being undertaken by KOPCO and Moffett and Nichol respectively.

a. KOPCO Surveys (Vessels) –

San Souci, Adventure and the *Brandon Randall* barge have been completed. The tug *Cooper* and the twin-hulled *Patriot* and *Ranger* need hull inspection. These inspections should occur during the first or second week of January.

b. Moffett and Nichol Surveys (Marina Infrastructure) –

Teams from Florida, Norfolk and Raleigh are involved in this process. All inspections are anticipated to be performed between 8 a.m. and sunset. Inspection of Deep Point occurred on December 18, 2018. At Bald Head Island, there are three zones: the barge launch area, Terminal A and Terminal B. That work will begin on December 19, 2018 and will continue through the end of that week.

c. Other

Mr. McLean stated that “as-built” drawings of Deep Point are available. These comprise approximately one hundred sheets with dimensions of 3 feet x 5 feet. Copies are being prepared through Kinko’s.

VIII. Consideration and Approval of Engagement Letters

a. S&ME, Inc. – Environmental Site Assessments

The Board considered a proposal from S&ME, Inc. for Phase I Environmental Site Assessments for Deep Point Marina and Bald Head Island Marina. This will update their previous reports to the equivalent of an Environmental Phase I-level study for the purposes of a potential purchase by the Bald Head Island Transportation Authority. The cost is \$3,200 for each of the two studies, totaling \$6,400.

Trustee Smith moved to approve the expenditure, seconded by Trustee Powell.
Unanimous vote; motion carried.

b. Worsley Real Estate, Inc. – Real Estate Appraisal

The estimate provided by Worsley Real Estate, Inc. for two narrative appraisals of the properties at Deep Point Marina and Bald Head Island is \$15,000 with delivery date of approximately 60-75 days from notice to proceed. Half of retainer is due upon engagement.

A challenge is lack of clarity of on-island assets to be transferred. This refers specifically to land allocated for on-island cart parking.

Trustee Fisher moved, with Trustee Powell seconding, that the Board give authority to the Executive Committee to draft and enter into a letter of engagement with Worsley Real Estate, Inc. to ensure that all assets are appraised with no duplication of assets being reviewed by HMS Consulting.

Unanimous vote; motion carried.

IX. Report and Proposal from HMS Consulting

John Sainsbury introduced two documents prepared by HMS Consulting.

a. Phase II – Proposed Scope of Work

This consisted of two objectives.

- *Define the operations of the ferry system and all of its related components in order to provide clarity on how the system will operate under the auspices of BHITA*
- *Provide a scope of work should the BHITA ultimately decide to solicit a third party to manage and operate the system*

Mr. Sainsbury presented the scope, deliverables, an anticipated six-week schedule, and a budget of \$18,000 to complete these items.

Board members had numerous questions about how the Phase II project fits in with the Discussion Paper yet to be addressed. Issues regarding transition between current operations and future operations were discussed. Dr. Cowdry asked about turn-key versus self-administered options and how each would be considered and accommodated.

Mr. Sainsbury explained that this is a dynamic document. It builds on the Phase 1 study being performed and puts all the information in one location. It will define the scope of the entire operation and will lay the groundwork for the expectations of the Authority by whichever operator or operations method is proposed.

Trustee Adcock, seconded by Trustee Fisher, moved that the Authority proceed with the Phase II Project Task Sheet, to Develop an Operating Plan for the Bald Head Island Ferry System at a cost of \$18,000.

Unanimous vote; motion carried.

b. Discussion Paper – Post-Acquisition Operations

This document provides the basis for discussion of two primary management options:

- Option 1: BHITA assumes full management responsibility; “In-House Management”
- Option 2: Outsource to a Third-Party Management Company

The discussion of this report and these options was moved to Closed Session.

X. Closed Session

Trustee Smith moved, seconded by Trustee Kopp, to proceed to Closed Session:

(i) to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or the United States, including without limitation Section 132-1.2 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes; (ii) to discuss the Authority’s position in negotiating price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease (N.C.G.S. § 143-318.11(a)(1), (5)). 2

Unanimous vote; motion carried.

Regular Meeting recessed at 9:47 a.m.
Closed Session commenced at 9:47 a.m., and then adjourned at 11:17 a.m.

Regular Meeting resumed at 11:18 a.m.

Trustee Powell made the motion, seconded by Trustee Jessen, for the Authority to resume the Regular Meeting.

Unanimous Vote; motion carried.

XI. Other Business

Chair Rabon announced that the next meeting would be held Wednesday, January 16, 2019, at 9:15 a.m. in the Southport Community Building, 223 E. Bay Street

XII. Adjourn

The December 19, 2018 meeting of the Bald Head Island Transportation Authority adjourned at 11:20 a.m.