



Bald Head Association ~ “The voice for BHI property owners”

910-457-4676 • 111 Lighthouse Wynd, Bald Head Island • www.BaldHeadAssociation.com

BHI Transportation Authority (BHITA) Update

After months of abbreviated public sessions, the Bald Head Island Transportation Authority’s January 2020 special meeting revealed some progress toward the potential purchase of BHI’s ferry system from BHI Limited. Authority Trustee David Jessen reported that a Request for Qualifications for Underwriting Services was sent out to the seven banks with whom Authority representatives have been discussing potential financing or co-investing for the ferry system’s purchase. Of those, four responded: UBS Investment Bank, TD Bank, PNC Bank and Truist (the recently merged BB&T and SunTrust).

Jessen relayed that UBS’ response was the most complete, with specifications on its approach, timeline and fee schedule and that Truist was not interested in serving as the lead underwriter but might be interested in financing or co-underwriting. Ted Cole, senior vice president of Davenport & Company, suggested that UBS has experience that is reasonably relevant to the Authority’s charge and that the Authority could consider a co-investor that would meet other criteria, such as a North Carolina presence, if it chose. Davenport & Company is the Authority’s financial advisor selected to help determine the value of the current ferry system, a purchase price and a financing strategy for the potential acquisition of the system. A representative of UBS was present at the meeting and fielded several questions from trustees about fees and interest rates. A discussion was also had between Mayor Andy Sayre and BHI Limited’s Chad Paul about the ferry system’s luggage management, ticket sales and schedule.

After an hour-long closed session, the Board voted to select UBS as the Authority’s Underwriter and authorized the Executive Committee to sign and execute the necessary documents for the transaction. Should the Authority and BHI Limited reach an acceptable purchase agreement, the role of the Underwriter will be to work with the Authority, its financial advisor and bond counsel to market revenue bonds to fund the acquisition of the ferry system through a public offering.

At its February 2020 regular meeting, the Trustees unanimously elected Robert Howard, former mayor of Southport, to serve as Vice Chairman, filling the officer vacancy left by the resignation of BHI property owner Brad Smith, whose recent residency change disqualifies him from serving on the Authority Board. He has agreed, however, to help in a volunteer capacity for the immediate future. Mr. Smith was appointed to the Authority by the NC House of Representatives, and his replacement will be named during the upcoming session of the NC General Assembly, which begins in late April. After an hour and a half-long closed session, the Board reconvened in open session. Trustees unanimously voted to authorize the Executive Committee to enter into an agreement to conduct a feasibility study which would, among other things, be necessary for the Local Government Commission to approve any proposed asset purchase agreement or future operations plan for the Authority.

The Authority’s next regular meeting will be held on March 18th at 9:15am at Southport’s Community Building located at 223 E. Bay Street in Southport. Property owners are encouraged to attend.